

WORLD NEWS

Thatcher denies Tory 'jitters'

Mrs Thatcher yesterday denied that Tory MPs had "the jitters" and dismissed the decline in the party's opinion poll ratings as the usual "mid-term rough passage".

In an IRN interview, she also argued that the Government had a duty to look at the future of the welfare state, preparing the way for a statement on social security in June.

Labour leader Neil Kinnock said on Channel Four he would want to make changes at the top in Whitehall if he became Prime Minister, including "one or two" economic advisers, *Back Page*.

Eden 'wanted murder'

Former Premier Anthony Eden, who launched the 1956 Suez invasion, earlier said he wanted Egyptian President Nasser murdered, his Foreign Minister, Sir Anthony Nutting, said.

Reagan raps MX vote

President Reagan accused the Democratic-controlled House of Representatives of endangering U.S. security by voting to freeze defence spending, *Page 2*.

Ceasefire bogs down

Fighting continued over Palestinian refugee camps in Beirut as a Syrian ceasefire plan became bogged down, *Page 2*.

Spanish court curbs

Spain's Constitutional Court upbraid a government move to curb its powers to freeze legislation, a blow to the opposition.

Tourists under scrutiny

Spanish authorities are checking incoming passengers to try to stem the sale of charter-flight tickets without accommodation, *Page 3*.

'No move' on Stansted

Suggestions that the Government had already decided to develop Stansted airport, Essex, were discounted in Whitehall, but such a decision is likely soon, *Page 3*.

Sun story cleared

The High Court dismissed a claim by the Mirror Group that the Sun newspaper breached a court injunction by printing an extract from a book serialised in the Mirror.

\$1m damages for film

Lynne Frederick, widow of Peter Sellers, was awarded \$1m (\$794,000) damages by the High Court against United Artists, which used discarded clips from his earlier films in *The Trail of the Pink Panther*.

Romanian urges troop cut

Romanian President Nicolae Ceausescu called on Warsaw Pact states to reduce their forces by 10 per cent.

Nuclear-free Iceland

Iceland's parliament unanimously declared the country, a Nato member, a nuclear-free zone.

Death for bank fraud

A businessman and two bank staff were executed by firing squad in Ghana for their part in a £794,000 bank fraud.

Dangerous Lord's

Lord's cricket ground was found to be a "potential time bomb" by a safety inspection, but the MCC were already working to improve danger areas, the GLC said.

Councillors unseated

Detectors are investigating the disappearance of 64 antique mahogany chairs, worth more than £20,000, from Edinburgh's council chambers over the past six months.

Financial Times

The Financial Times will not be published on Monday, May 27.

MARKETS

DOLLAR

New York lunchtime:
DM 3.059
FFr 3.44
SwFr 2.6025
Y250.85

London:
DM 3.092 (3.076)
FFr 3.435 (3.419)
SwFr 2.6055 (2.5845)
Y251.05 (251.2)

Dollar index 146.0 (146.1)
Tokyo close Y251.16

U.S. LUNCHTIME RATES

Fed Funds 7 1/2 %
3-month Treasury Bills:
7.17 %
Long Bond: 103 1/4
yield: 10.85

GOLD

New York: Comex June latest
\$314.8

London: \$314.75 (\$315.75)

Chief price changes yesterday, *Back Page*

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Bfr 36; Denmark Kr 7.26; France Ffr 6.50; W. Germany DM 2.20; Italy Lit 200; Netherlands f 2.20; Norway Kr 5.60; Portugal Esc 20; Spain Ptas 166; Sweden Swk 6.50; Switzerland Ffr 2.20; Ireland Spm; Marks 30c.

BUSINESS SUMMARY

BAe at work on fighter design

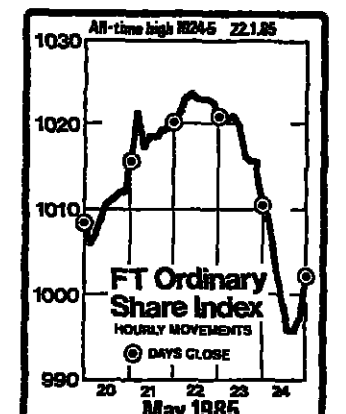
BRITISH AEROSPACE is working with the Ministry of Defence on an all-British design for a combat fighter aircraft, the P-120, which could be adopted if plans for a European venture fail to mature, *Back Page*.

LONRHO, headed by Roland "Tiny" Rowland, is understood to hold 12 per cent of House of Fraser's preference shares. Discovery of the stake last week persuaded Fraser's new owners, the Al Fayed brothers, to abandon efforts to buy the outstanding preference equity.

EQUITIES came under pressure

after rumours of an imminent cut in oil prices, to be instigated

by Saudi Arabia. The FT Ordinary Share Index fell 8.6 to 1,001.6, a loss on the week of 6.7. *Page 14*



LLOYD'S is putting a new management team into the troubled insurance syndicates run by Minet Group's Richard Beckett Underwriting Agencies, *Back Page*

SOVIET UNION ordered steel products worth £4m (\$337m) from France in an apparent attempt to ensure further French purchases of its gas, *Back Page*

PAKISTANI budget imposed heavy taxes on petroleum products, natural gas, and electricity raised rail fares and put a 5 per cent surcharge on imports, *Page 3*

BANK of England is renewing part of its temporary cash facilities designed to ease shortages in the money markets. The facilities will apply until June 28 up to a maximum of £30n. Money markets, *Page 13*

NCB, as part of its post-miners' strike review, told coal unions that 2,500 jobs are to go in the Doncaster area by the end of next March, *Page 7*

LOW-CALORIE food and drink sales in the UK topped £771m last year, with consumption up 4 per cent, said the Food Research Association, *Page 4*

CO-OPERATIVE Congress delegates in Bournemouth this weekend will consider fresh moves to merge the movement's manufacturing and retailing arms, *Page 3*

TRANS WORLD Airlines, subject of a takeover offer from financier Carl Icahn, has asked the U.S. Department of Transportation to examine the bidder's fitness to run an airline, *Page 11*

BRAMMER, bearings distribution group, won agreement of Energy Services & Electronics to an increased £44m offer as the first move in its own defence against a bid from paper distributor Bunzl, *Page 10*

GREENFIELD BLACKS, formed last year by the merger of Greenfields Leisure and Blacks Camping and Leisure, reported a pre-tax loss of £3.51m for the 16 months to March 2 against a £153,000 deficit for the year to October 31, *Page 10*

PINEAPPLE Dance Studios, USM company headed by Debbie Moore, made a pre-tax first-half loss of £197,000 against a £77,000 profit, *Page 10*

Government to swoop on Whitehall running costs

THE GOVERNMENT plans to crack down on the mounting cost of running Whitehall, estimated at more than £17.5bn a year, writes Sue Cameron.

Mr Peter Rees, Chief Secretary to the Treasury, told the Commons yesterday in a written answer that "successive scrutineers" showed how running costs of Government departments were rising faster than inflation.

New ministers, who have already forced the Civil Service to cut its numbers drastically, will force White-

hall to squeeze further its day-to-day costs.

Mr Rees said that the Government would set individual targets for running costs of each department, and for the armed services, starting next year. The targets will be published in the 1986 Public Expenditure White Paper, and will include manpower cuts.

This marks a new departure for Whitehall managers. Successive governments have set targets for Civil Service pay, which accounts for some 70 per cent of total running

costs. Never before have ministers set detailed spending ceilings for individual departments.

The targets will be set below the rate of inflation, so that Whitehall must find considerable savings in real terms.

In the first year of this Government its costs rose by 19.2 per cent, though inflation was only 18.7 per cent. In every year since, the growing cost of running the central bureaucracy has outstripped inflation rate.

Yet Civil Service numbers

between 1979 and last year were reduced from 739,000 to 624,000. Further cuts are in the pipeline.

As pay accounts for the lion's share of running costs, Whitehall may seek other spending areas for economies.

At present 11 per cent of costs go on accommodation, 6 per cent on such things as travel and subsistence, 6 per cent on office services such as postage and telephones, and 7 per cent on services such as contracted-out work.

More than £15m a year is spent on outside consultancy

work. Sometimes a consultancy firm is used, not because a Department could not do the work itself, but because it does not want to be accused of lack of objectivity by another Department, such as the Treasury.

Whitehall spent £20m on its financial management initiative programme in the programme's first year. The programme is designed to save money. But so far the savings have not been quantified, merely the costs.

Little things may provide Continued on Back Page

Nuclear processing plant to cost £200m

BY DAVID FISHLOCK, SCIENCE EDITOR

THE GOVERNMENT is to support a controversial application by the British nuclear industry to build another nuclear fuel reprocessing plant at Dounreay, Caithness. The cost of the project, due for completion by the mid-1990s, would exceed £200m.

If built, the plant will reprocess spent nuclear fuel from the British fast reactor development programme at Dounreay as well as material imported from France and West Germany.

Mr Robert MacLennan, SDP MP for Caithness and Sutherland, in whose constituency the plant would be sited, yesterday expressed support for the project.

But fellow Alliance MP Mr Jim Wallace, representing Orkney and Shetland, has put down a Commons motion condemning the Dounreay siting. His motion, backed by Labour MPs, alleges that the plant will increase Dounreay's radioactive discharges into the Pentland Firth and will threaten local fishing interests. He called for a public inquiry into the project.

Mr Donald Stewart, president of the Scottish National Party, said "any plan to turn Scotland into a dumping ground for the world's nuclear poison" would be resisted.

Greenpeace, the environ-

mental pressure group, also said it was strongly opposed to the plans.

The UK Atomic Energy Authority and British Nuclear Fuels are expected to apply jointly to the Highland Regional Council for planning permission for the Scottish project early next month.

They will ask to build a plant which is already being designed, as a joint venture, at the Dounreay Nuclear Power Development Establishment of the UKAEA.

With a staff of 2,300, the establishment is the biggest employer in Caithness. It specialises in the plutonium-fuelled fast reactor.

The project will replace an existing reprocessing plant at Dounreay which is treating spent fuel from Britain's 250Mw prototype fast reactor, *It will have about five times*

the capacity of the existing plant and is expected to be able to serve the needs of four demonstration fast reactors planned by the six-nation European fast reactor development club.

Britain is the latest member of this club, which includes Belgium, France, West Germany, Italy and the Netherlands. The club is spending about £300m a year on fast reactor research and development.

It aims to have a competitive design of fast reactor available for series ordering by the European electricity industries early in the next century. The first demonstration, Superphenix 1, is already being commissioned in south-east France.

Three more full-scale demonstrations, of about 1,400 Mw output, are being planned—probably in France, West Germany and the UK—before the commercially viable design stage is reached.

Although on present plans Britain is expected to build the last of the club's three demonstration reactors, it has entered a strong bid to host the club's first reprocessing plant.

Britain claims it has made greater progress than any other club member in the technology of reprocessing fast reactor fuel in operation.

Woolworth surprises City with £146m rights issue

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

WOOLWORTH HOLDINGS yesterday surprised the City with a £146.3m rights issue to help finance development of its 1,000-plus Woolworth, Comet, and B & Q stores.

Woolworth, whose share price closed 2p down on the day at 813p, also said it would "be well placed to take advantage of suitable acquisition opportunities should these occur."

However, Mr John Beckett, the group chairman, made clear last night that the company had no immediate acquisitions in mind.

Woolworth's cash call came as a surprise because the company has raised at least £100m from property sales since it was acquired by a British financial consortium and the present management from its U.S. parent late in 1982.

Although Woolworth is still

disposing of high street stores when it can find suitable buyers, the company now has fewer loss-making stores which it wants to sell.

At the same time, it is keen to continue refurbishing those of the 875 remaining Woolworth stores which are not for sale. It also has plans to launch in the autumn a number of new in-store departments.

B & Q, the do-it-yourself chain which provided the bulk of Woolworth's retail profits in its last financial year, is also being expanded and existing stores are being refurbished.

Woolworth plans to open 25 new B & Q stores in the current year.

Comet, the electrical goods chain acquired last year, is also being revamped.

Mr Beckett said that, "during the last financial year we spent some £77m on capital projects, and a broadening of the capital base will enable us to accelerate expansion plans without straining the balance-sheet."

Under the terms of the issue, Woolworth is offering shareholders £17 nominal of convertible unsecured loan stock for every 10 Ordinary shares. The 8.5 per cent stock can be switched into shares from June 1988 at an effective conversion price of 880p a share.

The issue was underwritten by Charterhouse Japhet and Morgan Grenfell while brokers for the issue are Rowe and Pitman.

Call to speed Co-op merger, *Page 3*

Lex Back Page

Privatisation advisers paid over £173m

BY PETER RIDDELL

THE GOVERNMENT has paid out more than £173m in fees and commissions to banks, stockbrokers, accountants and solicitors on the dozen major privatisation issues since 1979.

The Treasury has updated its previous estimate of fees and commissions on the flotations and offers for sale of public sector companies.

The figures, in a parliamentary written answer yesterday, are undoubtedly an underestimate of the total fees and commissions received by financial and professional advisers, since they cover only those paid by the Government and exclude the often substantial amounts paid by the companies concerned.

Even the estimates of Gov-

ernment outgoings exclude payments made to receiving banks, public relations advisers, the printing and distribution and other non-financial advisory costs, as well as including payments of stamp duty.

As a result, taking account of the recent sale of British Aerospace shares and the planned disposal of the remaining government stake in Britoil, total expenditure on fees and commissions is likely to have totalled nearly £200m since 1979.

The detailed figures show that UK banks, stockbrokers, auditors and solicitors received £145.4m for the 12 flotations concerned. In addition a total

of £28m was paid to overseas advisers when shares were sold abroad. This was almost entirely incurred in last year's BT flotation.

Direct comparisons between the latest figures and the previous estimate last December are complicated by the varying treatment of BT. Total UK and overseas commissions and fees for BT are now put at £116.8m. But this covers only 1984-85 and further payments will be made.

Of the other issues the latest figures show a £1.6m increase in fees and commissions since December, because of an updating of estimates and the inclusion of fees for various minor financial advisory services.

Money supply policies: why UK interest rates will stay high

City redevelopment: battle for the heart of the square mile

Editorial comment: confronting the business cycle

Learning to speak Japanese: when "thank you" means yes, no or goodbye

Man in the news: Martin Jacobson—at the wheel of the new BZW

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For London market and latest share index, 01-346 8036; overseas markets, 01-246 8086.

Botha tries to justify raid

BY ANTHONY ROBINSON IN JOHANNESBURG

THE SOUTH AFRICAN Government has called for an urgent meeting with the Angolan authorities to discuss the return of a captured South African soldier and the bodies of two others whom the Angolans say were caught trying to sabotage oil installations in Angola's northernmost Cabinda province.

In a message to the Angolan Government, Mr P. W. Botha, the South African Minister of Foreign Affairs, attempted to explain the presence of South African forces by claiming that northern Angola "was now the main base area for the training of African National Congress (ANC) terrorists who are despatched via other countries to the Republic of South Africa."

The published extracts of the message made no reference to the Angolan claim that the South African soldiers were caught with mines and fire bombs while preparing an act of sabotage.

Confirmation that South African forces were still active in Angola, just a month after South Africa claimed that its troops had withdrawn the last of its troops from the country, has been strongly criticised by the U.S. government. The White House's constructive engagement policy and attempts to head off the pressure within the U.S. for American companies to withdraw investment in South Africa risk being compromised by what the Angolans allege is a sabotage attempt.

The "Cabinda affair" also threatens to turn into a full-scale parliamentary row in South Africa next week when General Magnus Malan, the Minister of Defence, is due to present the Defence Ministry budget for approval in the White House of Assembly. Dr Frederick van Zyl Slabbert, leader of the white Progressive Federal Party (PFF) opposition, commented that South Africa had no right to be involved militarily in Angola when its interests were threatened. The Government, he said, "must make up its mind

— are we to be a force for peace and regional co-operation or be seen as a force for destabilisation."

Units of the South African forces have been involved in several direct invasions of Angolan and Mozambique territory in recent years. Clandestine operations with rebel forces like Unita in Angola and the Mozambique National Resistance (MNR) in Mozambique have been part of its policy of destabilising its nominally Marxist and Soviet/Cuban supported neighbours.

The Nkomati accord with Mozambique in March 1984, however, was presented as evidence that South Africa was moving away from destabilisation to co-operation. The withdrawal of 500 troops from southern Angola a month ago was presented in a similar light, although senior military officers warned they would return if Angola failed to curb the infiltration of South West Africa's People's Organisation (Swapo) forces into Namibia. Cabinda however is 850 miles from Namibia.

The "Cabinda affair" raises fundamental questions about whether such army operations are sanctioned at the highest level of government or whether they are mounted by the military in violation of government policy.

Angop, the Angolan news agency, said yesterday that the South African explanation that its commandos had been gathering intelligence on ANC and Swapo bases could not be true since fighters from neither organisation had ever been in Cabinda.

It claimed that the same commando group whose troops had been killed in Cabinda had "previously sabotaged the bridge over the Girau river and the depots in Lobito."

The group had also allegedly placed mines on a new merchant ship in the port of Luanda.

The agency hinted that the soldier captured alive by the Angolans would shortly be put in front of a Press conference

WEEKEND FT



FEATURE

What do Winnie the Pooh, Empire of the Sun, and the Oxford dictionary have in common?

Gay Firth examines the best seller phenomenon. *Page 1*

FINANCE AND THE FAMILY

Ignoring your next British Telecom bill may cost you £900. *Page IV*

DIVERSIONS

Outdoor classics: garden furniture that reflects the subtle hues of the British countryside. *Page X and XI*

TRAVEL

Bath returns to spa status as the curative tap is turned on again. *Page IX*

M&G INITIAL OFFER INTERNATIONAL INCOME FUND

THE NEW M&G INTERNATIONAL INCOME FUND aims to provide investors with a high income, and one that can be expected to increase over the years, from an international portfolio of equities. The estimated gross starting yield is 6%. It will appeal particularly to people who think it is prudent to have some of their money invested overseas without sacrificing income.

An important part of M&G's reputation is based on providing steadily increasing income from high-yielding unit trusts. In addition we have led the way in the development of overseas trusts, with an investment team that includes specialists in all the important overseas stock markets. These two factors are now combined in The M&G International Income Fund.

We believe that there are at present a number of excellent opportunities around the world for buying shares with high yields. You should remember that exchange rate fluctuations may affect our ability to provide an increase in income every year. We expect the initial geographical spread to be broadly as follows:

USA 40% Hong Kong 10% Europe 7%
UK 20% Australia 8% Japan 5%
Gold shares 10%

Unit trusts are a long

OVERSEAS NEWS

Reagan suffers MX Senate defeat

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE Republican-led U.S. Senate has delivered another body blow to President Ronald Reagan's sagging political credibility by forcing him to accept a radical scaling back of his MX intercontinental missile programme—the centrepiece of his strategic build-up.

Mr Reagan's climbdown, ratified in a Senate vote late on Thursday night, is the biggest setback for a major weapons programme in the more than four years he has been in the White House.

Under a compromise with Senate Democrats, reached after four days of desperate negotiations, Mr Reagan agreed to restrict deployment of the ten-

warhead missile in fixed underground silos to 50, just half the total of 100 he wanted.

The White House was forced to concede after it became clear that it could not muster the votes in the Senate—despite a 53 to 47 Republican majority—to defeat an amendment sponsored by Democratic Senator Sam Nunn of Georgia which would have "capped" deployment at only 40 missiles.

Mr Reagan was also obliged to accept that only 12 MX missiles will be funded in next year's budget, on top of the 48 already approved, against the 48 he had originally requested. Missiles produced above the deployment limit would be used

for testing and spares.

Republican opponents of Mr Nunn's amendment argued that it would effectively kill the entire MX programme and undermine the U.S. negotiating position in the Geneva arms talks.

Mr Nunn, however, maintains that his real aim is to limit the numbers of MX missiles deployed in vulnerable fixed silos, currently occupied by the Minuteman, eliminate the possibility of the MX's use as a "first strike" weapon and accelerate the development of a new single-warhead, mobile missile.

"I don't view this as the end of the MX. I view it as the end of the MX in fixed silos,"

Mr Nunn said yesterday.

Sen Robert Byrd, the Senate Democratic minority leader, said that the compromise meant that "there will be no more MX missiles, no more, period, until the White House and the Pentagon come up with a basing mode that is mobile and deceptive." The Administration, however, has been open for years for such a basing plan without success.

The White House was yesterday attempting to cast the outcome in the best possible light, arguing that the deployment limit was only effective for one year and that it left the door open for the eventual deployment of the full 100 missiles.

Alcohol ban bites at Moscow lunches

By Patrick Cockburn in Moscow

"WOULD you like orange, mango or tomato juice," asked the waiter at lunch at the Praga Restaurant in central Moscow last week.

"Not a lot. How about wine or beer?"

"No alcohol until after two o'clock," said the waiter, citing the new Soviet laws on drinking promulgated a week ago.

"How about some mineral water?"

Official gatherings have also been hit by the drive against alcohol. At a lunch given for Mr Malcolm Baldrige, the visiting U.S. Commerce Secretary, by the Soviet Foreign Trade Ministry last Tuesday, there was beer and wine but no vodka, brandy or any other spirits, in contrast to the previous norm.

The aim is to make drinking less acceptable among the Soviet elite as elsewhere in the country. In the capital the professional clubs, such as those for journalists, film directors and actors, whose membership is much sought after, are said to have gone dry altogether.

There is also a crackdown on home distilling, which is widespread. Mr Boris Kravtsov, the Soviet Justice Minister, says that the police even discovered an illicit still on a small fishing vessel belonging to the trawler fleet based in the Baltic port of Riga. The first mate organised the distilling of liquor from sugar, tomato juice and yeast.

Mr Kravtsov said the inebriated crew were lucky to escape shipwreck.

The new laws increasing the penalties against drunkenness do not come into effect until June 1, but the authorities are already tightening up. People who drive under the influence of drink are to be fined or have their licences taken away for one to three years.

Factory managers and foremen who allow anybody to get drunk at work are liable to be reprimanded or fired. For instance, an engineering plant in the province of Tyumen one worker in three was absent as a result of drunkenness for at least some of the time in the first quarter of the year. The plant manager has been reprimanded.

The extent of the drive against alcoholism and heavy drinking has surprised many in Moscow, but it seems that the present campaign will be sustained and rigorously enforced. This will not stop Russian drinking, but it probably will limit the pervasive drunkenness which was tolerated before.

Pay dispute shuts three Dutch airports

AIR TRAFFIC controllers at the Netherlands' three largest airports halted work yesterday in a pay dispute and stopped nearly all flights in and out of the country, writes Laura Raun in Amsterdam.

Schiphol airport, Amsterdam, which has been hit sporadically by labour action in recent weeks, was joined by Rotterdam and Beek

Saudi Arabia resists Aramco pressure to cut crude oil price

BY DOMINIC LAWSON

THE U.S. partners of the Arabian American Oil Company (Aramco), which is responsible for Saudi Arabia's oil production, are putting intense pressure on Saudi Arabia to agree to cuts in the price of its crude oil.

The partners, Exxon, Mobil, Chevron and Texaco, met Sheikh Ahmed Zaki Yamani, Saudi Oil Minister, last week in Houston and argued the case for price cuts. But Mr Yamani refused to agree to any change.

All other members of the Organisation of Petroleum Exporting Countries (Opec) are discounting either directly or through barter deals. But the Saudis are offering no such relief to Aramco, in the belief that any Saudi price cut would lead to a downward spiral in world oil prices.

Aramco is retaliating by cutting sharply its liftings of Saudi crude to levels not seen since the 1960s. Saudi production is now believed to be only about 2.5m barrels a day. This is less than the UK's production, and compares with Saudi

Arabia's Opec quota of 4.3m b/d.

In 1981, Aramco was lifting 9.6m b/d and the current Saudi five-year plan is based on an output of 5m b/d.

Fears of a Saudi price cut caused tremors on the London stock exchange, where shares in British Petroleum fell 15p to 533p at one point, while Shell's share price slumped 15p to 700p yesterday afternoon.

In January, Opec cut its official prices for the first time for two years. The price of Saudi light was cut by \$1 a barrel to \$28, while the price of Saudi heavy was maintained at \$26.50. But since then the oil market has weakened further. On the spot market yesterday Saudi light for June delivery was quoted at \$28.65, while heavy was quoted at \$25.10.

Opec ministers are to meet in Geneva on July 22, where Saudi Arabia will announce lower prices if it has agreed to concede them.

British oil revenue drops, Page 3

Bonn to end subsidies for Arbed Saarstahl

BY RUPERT CORNWELL IN BONN

BONN HAS told the new left-wing administration of the Saarland that it can expect no further direct federal subsidies for the crisis-ridden Arbed Saarstahl steel concern, which has devoured over DM 3bn (£773.195) of aid since 1978 from central government to stave off bankruptcy.

This message was conveyed yesterday by Herr Martin Bangemann, Economics Minister, at his first meeting with Herr Oskar Lafontaine since he became state premier after the opposition Social Democrats won the elections there on March 10.

Recent estimates suggest that Arbed Saarstahl, a subsidiary of Arbed of Luxembourg, may lose DM 120m or more in 1985. Last month, Herr Lafontaine put the company's requirements of help for this year at DM 202m, a sum far beyond the resources of the state government alone.

Herr Hajo Hoffmann, the Saarland Economics Minister,

has argued that Bonn could fill the gap by extending subsidies out of the DM 1.6bn still outstanding from the DM 4.5bn which in 1983 it was authorised by Brussels to deploy for the restructuring of the West German steel industry.

However, Herr Bangemann made plain yesterday that the most which could be expected was for Bonn to join in a scheme to reduce the company's indebtedness.

Yesterday the centre-right coalition secured parliamentary approval for its DM 20bn tax-cut package in two stages—next year and in 1988.

However, both the smaller coalition parties, the liberal Free Democrats (FDP) and the Bavarian CSU, signalled that if employment did not improve shortly, they would resume their demands for the second phase to be brought forward to 1986, despite the unyielding hostility to such a step from Herr Gerhard Stoltenberg, Finance Minister.

Swedish outflow halted

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE FLOW of capital out of Sweden, one of the factors which forced a drastic tightening of the country's monetary policy last week, appears to have been halted, at least temporarily.

The Riksbank, the Swedish central bank, said yesterday that there had been an inflow of some SKr 418m (£37.22m) in the week to Wednesday.

In the week before, when the Riksbank was forced to raise the discount rate two percentage points, there had been an outflow of SKr 2.5bn. Last week was only the third

since the beginning of the year that there was a capital inflow. However, the major problem remains the drastic deterioration in the current account of the balance of payments, caused by soaring imports.

The tight squeeze on consumer credit could work gradually to slow the rise in imports but, according to unofficial figures, Sweden has already run up a current account deficit of SKr 8.10bn in the first four months of the year. Last year the current account showed a surplus of SKr 1bn.

Argentine strike 'setback for dialogue'

By Jimmy Burns in Buenos Aires

RELATIONS between the Radical Government of President Raul Alfonsín and Argentina's main trade union organisation, the General Confederation of Labour (CGT), appear to have deteriorated substantially in the wake of Thursday's national strike and protest rally.

Sr Antonio Troccoli, Minister of the Interior, said the day of action was a setback to Government efforts at re-establishing a dialogue with both sides of industry on a prices and incomes policy.

The violence of labour opposition to the Government reached a high point during a mass demonstration outside the presidential palace. Sr Saul Ubaldini, the CGT leader, told a crowd of over 120,000 people that the Government should "change its economic policy or resign."

The day of action coincided with the arrival in the U.S. of a high level mission from the Economy ministry and central bank in what officials have described as the final stage of negotiations with the International Monetary Fund aimed at reactivating a \$1.4bn (£1.1bn) standby facility suspended earlier this year.

Real salaries have been dropping in recent months as a result of the Government's moderate de-indexation of monthly wage increases. A law signed by President Alfonsín earlier this week froze all fresh employment in the public sector.

Brussels warning on cereals

BY QUENTIN PEEL IN BRUSSELS

THE European Commission yesterday served warning of its determination not to back down any further in the face of West Germany's fight to prevent a significant cut in EEC cereal prices.

The 1.8 per cent price cut blocked by Bonn last week, when Herr Ignatz Kiechle, the German Farm Minister, invoked the first formal veto towards a national veto, represents the final negotiating position of the Commission, a spokesman said.

The tough line from Brussels comes, amid growing fears of a cereal trade war with the U.S., on the eve of a three-day informal meeting of EEC Agriculture Ministers in Sienna, now likely to be overshadowed by the unresolved dispute.

The 14-man Commission decided its stance yesterday in a move clearly intended to forestall any attempt by ministers next week to pressurise Mr Frans Andriessen, the Agriculture Commissioner, into a further compromise.

The Commissioners also reaffirmed their decision to make good any extra costs of the farm price package through market management measures during the rest of the year. The price package agreed last week, without any deal on cereal prices, is estimated to add Rm 194m (£71.4m) in 1985 to the farm budget of Ecu 19,955bn.

Apart from the immediate budget cost of the farm policy, the Commission is obviously worried about U.S. threats of

retaliation in world grain markets, in the shape of the \$2bn (£1.58bn) farm export subsidy programme proposed by U.S. Agriculture Secretary Mr John Block.

Mr Andriessen told the agriculture committee of the European Parliament this week that EEC grain export markets could be threatened if West Germany continued to oppose a price cut.

He argued that it was up to a vote on the issue when they reconvene formally on June 11.

Next week's talks are supposed to focus on the long-range reform of the Community's Common Agricultural Policy—

including ways of bringing surplus cereal production under control. But the Ministers are unlikely to make much progress.

Quebec offers to back Renault factory

BY OUR PARIS CORRESPONDENT

THE Quebec Government is prepared to put up a substantial amount of money if it can persuade the French Renault group to set up motor manufacturing facilities in the province.

M Yves Duhaime, Finance Minister, met M Georges Basse, Renault chairman, for the second time in three days yesterday in a bid to prevent the French company concentrating all its production facilities in Ontario. Quebec Province accounts for 72 per cent of the sales of Renault and its subsidiary, American Motor Cor-

poration (AMC), in Canada. But last week it shut down its only facility in the province—a warehouse—with the loss of 98 jobs.

Speaking to journalists after a joint Press conference in Paris given by Quebec Prime Minister René Lévesque and M Laurent Fabius, French Prime Minister, M Duhaime said the Quebec Government was prepared to participate in a partnership with Renault and AMC if it would bring investment to Quebec and create jobs.

"We are ready to put up share capital and make a con-

tribution to the company's long-term debts," he said. The investments could involve an assembly line, the manufacture of automobile parts or even the assembly of the whole car, he said. M Duhaime said he did not expect Renault to shut down all its facilities at Brampton, Ontario, but he felt that some of the production activities could be carried out in Quebec. The proposed partnership will be similar to the existing one between the Province of Quebec and the French company Ecodyne in the aluminium manufacturing field.

The extent of the drive against alcoholism and heavy drinking has surprised many in Moscow, but it seems that the present campaign will be sustained and rigorously enforced. This will not stop Russian drinking, but it probably will limit the pervasive drunkenness which was tolerated before.

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INVESTORS
CHRONICLE
Light on the money

James Buxton in Rome reports on the crisis facing Italy's Left Communists back out of a blind alley

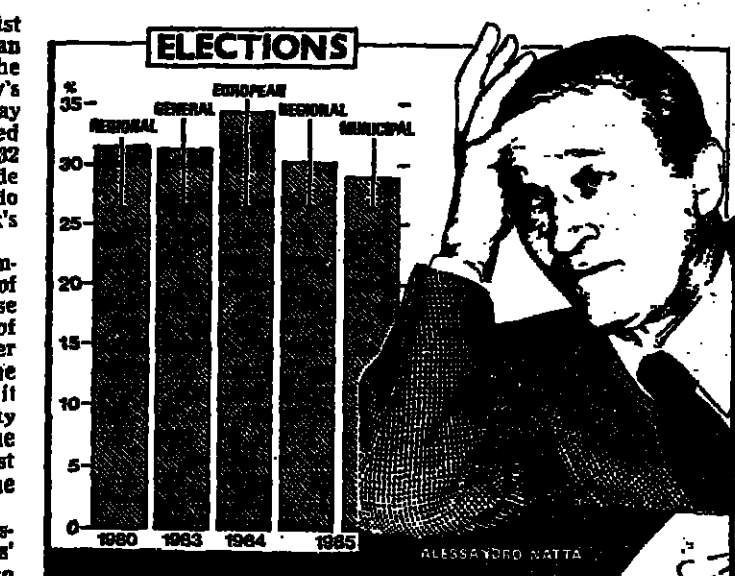
THE ITALIAN Communist Party is going through an agonising reappraisal. The central committee, the Party's internal assembly, on Thursday began a specially-convened three-day meeting at which 232 members will try to decide what the party should now do after its defeat in last week's local elections.

The results for the Communists were little short of disastrous: the official phrase was "a severe blow." Instead of advancing from the 33.3 per cent to the vote it won in the 1984 European elections, as it had confidently hoped, the party fell to 30.2 per cent in the regional elections and to just under 29 per cent in the municipal polls.

The setback calls into question whether the Communists' policy of all-out opposition to the five-party coalition Government of Sig Bettino Craxi was right, and makes yet more dubious its medium-term aim of coming to power through a coalition of parties of the left.

In a less monopolistic and authoritarian party than the Communists, the leadership of Sig Alessandro Natta, Party Secretary since last June, would be in jeopardy. As it is, Sig Napoleone Colajanni, a leading Communist Senator, was bold enough to mention in public last week the name of a possible successor—Sig Luciano Lama, the shrewd and attractive leader of the CGIL union.

The size of the Communists' electoral setback should not be exaggerated. The party remains easily the second biggest in the country and its grip on the so-called red belt—the regions of Emilia-Romagna, Tuscany and Umbria in northern and central Italy—remains solid. If the party had not proudly assumed that last summer's European election result, which took the



Communists past the Christian Democrats for the first time, was now their natural level of support rather than an exceptional outcome caused by sympathy following the death a few days before of their respected leader, Sig Enrico Berlinguer, they would have less to lament now.

Many explanations can be advanced for the party's electoral failure last week, including sound reasons for the voters wanting change in cities that had been under Communist rule for a decade.

Sig Natta, a close associate of Sig Berlinguer, is a genial but uninspiring leader given to garrulousness. His over-enthusiastic talk about how the party would insist on being asked to form a government if it overtook the Christian Democrats was a maledictory gift to Sig Ciriaco De Mita, the Christian Democrat leader, (it does not explain, however,

why the share of the vote won by Sig Craxi's Socialists also went up. That is a far more worrying development for the Communists since it suggests that the electorate is content with the very moderate policies pursued by what is supposed to be a party of the left.

The Communist Party's official strategy since 1980 of the "democratic alternative of the left"—coming to power with the Socialists—now looks even more unrealistic. But in pursuit of it, the Communists under both Sig Berlinguer and Sig Natta put up unrelenting opposition to almost everything that the Craxi Government has tried to do. That too, was rejected by the electorate who gave the governing parties a higher share of the vote.

Sig Natta admitted in an interview this week that: "The policy of the 'democratic alternative' did not appear (to the voter) to have solidity or

serious possibilities as a political solution. In the short term."

In other words, the party has not only been going up a blind alley but has also offended friends which it might need if it were to try another strategy.

At the central committee meetings, Sig Natta is likely to accept responsibility for the electoral setback. But a major change of strategy is imperative: the party could not suddenly change course, and abandon a policy which was sanctioned by the party congress of 1983.

All those who privately, or on very rare occasions, publicly questioned the politics of all-out opposition to Sig Craxi should now come into their own. They include Sig Giorgio Napolitano, the party's Chief Whip in the Chamber of Deputies, who has long wanted to move the party closer to the centre.

The party, however, shows little sign of wanting to go with him. Sig Berlinguer stated that the Communists did not wish to become the Social Democratic party that their moderate policies on anything from the economy to Nato would enable them to be; nor does the party want to change its methods and its style—the secretiveness, discipline and organisation—not to mention its name, that distinguishes it from the rest of the Italian political scene. That would mean betraying the party's history and, therefore, its raison d'être: not for nothing is the Communist Party known as the most conservative party in Italy.

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Canadian business gives budget cautious welcome

BY BERNARD SIMON IN TORONTO

CANADIAN businessmen and economists cautiously welcomed the wide range of deficit cutting measures, including substantial tax increases, announced by Michael Wilson, the Finance Minister, in his first budget.

Together with Government spending cuts proposed in the mini-budget last November, the measures are expected to trim Canada's budget deficit, proportionally one of the largest among industrialised countries, to C\$33.8bn (£19.9bn) by the C\$38bn otherwise in prospect for the current fiscal year, and to C\$23.7bn in 1986-87.

Mr Wilson's room for manoeuvre was limited by prospects for slower growth in the economy over the next two years and by generous tax concessions, amounting to almost C\$2bn a year, announced recently for oil and gas producers.

Mr Bengt Gestrin, chief economist at the Canadian Imperial Bank of Commerce, said yesterday that "there are quite hefty tax increases for a great many people at a time when the economy is rather vulnerable."

The increases include a "temporary" income tax surcharge of between 5 and 10 per cent on upper income individuals and a 5 per cent surtax on Canada's 60,000 largest companies. The corporate tax, due to apply for one year to mid-1986, is expected to yield C\$480m.

Financial institutions will pay a 1 per cent tax on capital employed in Canada exceeding C\$200m. The Government expects to garner C\$55m from this source next year from

SHORT TERM PROSPECTS

(percentage increases)

	1984	1985	1986
Gross national product	4.7	3.1	2.4
Business non-residential investment	0.5	4.6	6.4
Government expenditure	3.4	0.3	1.1
Exports	19.7	4.6	3.1
Imports	15.5	4.7	3.5
Net exports (C\$ bn)	0.9	0.9	0.8
Consumer price index	4.4	4.1	4.2

Source: Budget papers May 1985

about a dozen of the country's largest banks and trust companies. The tax will apply from January 1986 until the end of 1987.

Mr Wilson described high unemployment and the "spiralling" national debt as the major problems confronting the economy. Responding to rising pressure from the business community to curtail the budget deficit, he said that measures announced on Thursday should ensure that the growth of the debt is brought back into line with the growth of the economy.

The budget is the first presented by the Progressive Conservative Government since its landslide win in last September's general election and has been viewed as a crucial test of its willingness to come to grips with Canada's economic problems.

As part of efforts to move private sector spending from consumption to investment, Mr Wilson announced higher excise duties on cigarettes and liquor and a 2 cent a litre rise in fuel taxes. These increases, and various adjustments in federal sales tax, will boost revenues by about C\$2.5bn in a full year.

Cuts in government spending proposed in the main budget include a C\$50m in aid to developing countries and a substantial cut in the generous system of industrial grants and subsidies.

Mr Roger Keane, economist at the securities firm, Midland Doherty, expressed concern that political pressures would discourage the Government from implementing some of the planned spending cuts.

Mr Wilson, bowing to public concern at the number of wealthy Canadians with little or no tax obligation because of the availability of a system of tax shelters, said that the Government planned to introduce a minimum personal income tax next year. Details still have to be worked out.

The main plank of the strategy to increase investment and reduce the 11 per cent unemployment rate is expanded assistance to small business. As part of it, individuals will be granted a lifetime capital gains tax exemption of C\$500,000.

Other incentives are aimed at encouraging pension funds to invest more heavily in the small business sector.

Government oil revenues fall by 26% since March

By David Lawson

THE GOVERNMENT'S daily income from North Sea oil production has fallen by 26 per cent since the beginning of March, according to figures released yesterday by the Royal Bank of Scotland.

The main reason was sterling's strong recovery against the U.S. currency and not lower oil prices. The strength of the pound reduces the sterling oil price, oil values and Treasury revenues.

The Bank report argues: "While the rise in the value of sterling may be useful for a number of the Government's economic objectives, in terms of Treasury revenues from oil, it is proving an extremely expensive exercise."

The report says this trend will probably prevent the Government realising its oil revenue target of £13.5bn this financial year, but may provide some comfort for motorists "as pump prices soon could reasonably be expected to reflect the declining sterling price of oil."

The decline in revenues was slightly alleviated last month by a small rise in North Sea production. It reached an average of 2.65m barrels of oil a day as the Ninian and Magnus oilfields moved back to full production after maintenance work. The huge Forties field is producing at well above the levels originally expected, with an increase of 18,000 b/d to 435,000 b/d in April.

● Saxo Oil, the fast-growing UK oil company, is buying all the North Sea assets of Bula Resources, the Irish oil company, for £12m. Bula acquired the interests through the eighth offshore licensing round of 1983, but found it impossible to meet the exploration costs involved. Saxo also won one of the ninth licensing round, announced on Thursday. It received a share in nine blocks.

No relief on VAT for bad debts

By Andrew Arents

THE GOVERNMENT'S refusal to extend VAT relief to traders in the case of bad debts could put many small companies out of business.

Mr Neil Hamilton, a Conservative backbencher, speaking in the Committee Stage of the Finance Bill, said that a single large bad debt was a frequent cause of the failure of a small business.

He was introducing an amendment to the Bill extending bad-debt relief for VAT if the debt had been outstanding for more than six months.

Mr John Maples, another Tory backbencher, supporting Mr Hamilton, said that in the case of an absolute loss of a debt there was no VAT relief unless that company became insolvent.

He wanted to know if the Government could find some mechanism for businesses to recoup the tax paid that they subsequently cannot recover.

Mr Hamilton was also supported from the Labour bank benches by Mr Dale Campbell-Savours, who said that the provisions were an unreasonable imposition on traders. Perhaps the liability to pay VAT could be transferred to the ultimate customers, he suggested.

Replying for the Government Mr Peter Rees, Treasury Chief Secretary, said it would be wrong to saddle Customs and Excise with the responsibility of chasing down the final taxpayer.

This would transform the face of customs and entail considerable costs and extra staff. However, he said, if members of the committee could draft a watertight amendment to the Finance Bill to provide such relief, he would look at it with an open mind. But he said it was essential that tax provisions were simple and easy to understand.

Carphone offers rival system

By Jason Crisp

ONE OF THE leading suppliers of car telephones on the Cellnet system has unexpectedly started offering a similar service on the rival Vodafone network.

The Carphone Group is the first company to offer customers mobile telephones on the two rival cellular radio networks. The two cellular systems started service at the beginning of the year and have 12,500 customers between them. The cellular radio systems have a much larger capacity than conventional mobile telephones, and the equipment is cheaper.

Vodafone, part of Racal, is thought to offer its retailers a better margin on telephone call charges than Cellnet, a joint venture with British Telecom and Securicor. This is particularly important in the longer term, as mobile telephone equipment prices are expected to fall next year, and the retailers' margins will be squeezed.

CEGB praises Magnox nuclear power stations

BY IAN HARGREAVES

BRITAIN'S first generation Magnox nuclear power stations have improved performance dramatically in the last three years, helping shift the economic balance of generation costs toward nuclear power and away from coal.

The Central Electricity Generating Board says its advanced gas-cooled reactor at Hinkley Point, Somerset, is also performing well, but admits that the long-delayed reactor at Dungeness B will never cover its costs.

The CEGB 1983-84 analysis of generating costs, published yesterday, says that the message from UK experience so far is that nuclear power has established an unsurpassable economic advantage for the future.

The all-in generating cost of the Magnox stations taken over their whole life was 2.23p per kilowatt hour, assuming a 2 per cent discount rate, or 2.65p assuming a 5 per cent rate. A 5 per cent discount rate is used by nationalised industries for planning purposes.

Comparative costs for coal-fired stations, the report says, were 2.53p at the lower discount rate and 2.62p at the higher, giving coal a fractional advantage of 0.2p at the test discount

COMPARATIVE GENERATION COSTS†

	Magnox p/kwh	Coal- fired p/kwh	Oil-fired p/kwh	Hinkley p/kwh	Drax (first half) p/kwh
Capital charges, etc	1983-84 0.35	1983-84 0.42	1983-84 0.94	1983-84 1.21	1983-84 0.45
Inclusive fuel costs	0.85	2.00	2.11	0.94	2.03
Other costs of operation	0.25	0.21	0.20	0.30	0.16
Generation costs	2.65	2.63	3.25	2.46	2.64

† Taken over whole plant lifetime; 5 per cent discount rate; March 1984 prices.

rate, compared with a margin of 19p at the time of the last survey, 1981/82.

Oil stations were well out of line with costs of 3.20p and 3.25p respectively. Hinkley Point B was generating at a cost of 1.99p at the lower rate and 2.45p at the higher, compared with 2.41p and 2.64p for the first stage of the Drax coal-fired station, the most modern coal station on the grid.

Mr John Baker, a CEGB board member, said the Magnox stations in 1983-84 generated 50 per cent more electricity than in the year of the previous analysis. Their economic performance had been improved by the board's decision to extend the plants' life from 25 to 30 years.

The board considered these whole-lifetime figures the most relevant for making comparisons of plant performance.

Critics of the board's enthusiasm for nuclear power will still be able to argue on the basis of the new figures that purely on experience to date, nuclear is a bad buy.

Performance figures for stations at the 5 per cent discount rate show coal in the winning position at 2.38p per kilowatt hour, followed by Magnox, 2.60p, and oil, 2.77p. On this performance so far basis, Hinkley Point (at 2.64p) lags behind Drax's 2.46p.

The board continues to argue vigorously that in future the cheapest option is the U.S.-designed pressurised-water reactor of the type it wants to build at Sizewell, Suffolk.

Call to speed up co-op merger

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

MOVES to bring about a merger of the two largest co-operative organisations, creating a retailing and manufacturing group with annual sales of more than £3bn, will be made this weekend at the annual Co-operative Congress meeting in Bournemouth.

Delegates will be asked to support a resolution expressing concern that the proposed merger has still not taken place about three years after it was first announced.

The aim of the merger would be to bring together the Co-operative Wholesale Society and Co-operative Retail Services to form a base from which the co-op retail movement could trade more competitively in the High Street.

The CWS is traditionally the manufacturing and wholesaling arm of the co-op movement but over the past few years it has increasingly been forced to rescue retail societies in trading difficulties. In the last year it has taken over the loss-making South Suburban and Royal Arsenal retail co-ops which, together with a significant share of Scottish retail co-op trade, makes it the second largest co-op retailer.

In the year ending January 12, 1985, the CWS reported sales of £2.16bn and trading profits of £11.5m.

CRS was usually the co-op movement's rescue vehicle for ailing retail societies but since its takeover of the London Co-op in 1981, it has been less able to cope with others' trading problems. But CRS, with

annual sales of £970m, is still the world's largest retail co-op. The idea of a merger was first put forward in 1982 as part of a plan for the 100 retail co-ops in Britain to merge into 25 large regional retail groups.

Although talks between the two bodies have continued, the link-up has been delayed by the constitutional problems of merging the two organisations. A great many retail societies have to be consulted about big changes.

In what is likely to be a long and heated debate, delegates will be asked to support a resolution asking the two organisations to speed up their discussions, and to provide their members with full and detailed reports of those discussions so the talks can be completed.

The Co-operative Union, which acts as the co-ordinating body for Britain's co-op movement, is thought to have put forward proposals that could help break the deadlock.

Littlewoods pre-tax profits rise 77%

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE LITTLEWOODS Organisation, one of Britain's largest privately-owned companies, has announced a 77 per cent increase in pre-tax profits for 1984 in spite of a sharp fall in profits from its retail chain stores division.

For the period ending December 31, 1984, the mail order chain stores, and pools divisions produced sales of £15.3bn—the same as in the previous financial year.

Pre-tax profits for 1984 totalled £47.6m compared with £26.9m in the previous year.

The main reason for the increase was substantially improved profits from the mail order division. From sales of £676m (£586m in 1983), mail order profits rose from £15.8m to £35.7m. The pools division, with turnover up from £370m in 1983 to £390m last year, increased its pre-tax profits from £11.2m to £11.8m.

The chain stores produced no sales growth. Turnover was £465m in both the last two financial years, but pre-tax profits were down from £8.5m to £1.5m.

Earlier this year problems with its chain store division led Littlewoods to plan about 800 job cuts. The company blames poor stock control for part of its retailing failure and says measures are in hand to remedy the fault.

Farm research levy proposed

BY ANDREW GOWERS

THE GOVERNMENT proposed yesterday that farmers should pay an extra levy on production to fund agricultural research and development. The move marks a further step in the Government's general policy of cutting its agricultural spending and of encouraging farmers to pay more for advisory and research services.

Mr Michael Jopling, the Agriculture Minister, said in a Commons written reply that to fund research and development, statutory farming bodies might levy their members and determine work programmes they wish to sponsor.

This would be carried out by such bodies as the milk, wool and potato marketing boards, the Meat and Livestock Commission and the Home-Grown Cereals Authority. For sectors without statutory bodies, alternative arrangements would be made after consultation with the industry.

Many farmers already pay a levy of some kind to support research, but Mr Jopling's proposal would certainly bring a sharp increase.

Mr Jopling announced in January that he intended to cut the £180m a year of public spending currently devoted to agricultural research and development by £30m over two years, starting next financial year. Spending on advisory services would be reduced by £20m in 1987-88.

In line with this constraint, the Agricultural and Food Research Council—the main government-funded body in this area—has proposed reducing the number of its research stations from 27 to 10 or fewer and streamlining its management.

The proposals have unleashed uproar in the farming industry, which insists that spending on research must be maintained to preserve the competitiveness of British agriculture.

Farmers' representatives are keen to ensure that if government funding is reduced and they have to pay for services,

there should be no erosion of research activity, and no time-lag between the reduction in government support and the development of alternative funding.

"It is sometimes assumed that once you have food surpluses, the agricultural problem has been solved, and you can reduce your research," a National Farmers' Union official said yesterday. "This is not the case."

Mr Jopling also proposes that farmers should pay for the help they receive from his ministry's Agricultural Development and Advisory Service. He said yesterday, following soundings within the industry, that this idea had not been opposed in principle, although some people were concerned about the possible level of the charges.

The total cost of ADAS in the financial year 1983-84 was £123m, some of which overlaps the research budget. Mr Jopling wants farmers to meet about 20 per cent of this by 1987-88.

Row continues over RUC deaths

BY THE IRISH FOREIGN MINISTER

THE IRISH Foreign Minister said yesterday it had been told by the British Government that there was no evidence as to how the bomb which killed four RUC officers on Monday was detonated, or from where the explosives or bombs originated.

The latest development appeared to isolate Sir John Hermon, the RUC Chief Constable, who has been the subject of angry cross border exchanges since he suggested that the killings highlighted the need for increased security co-operation between the police forces on both sides of the border.

The British Embassy in Dublin denied any involvement

in conveying information to the Irish Government, while the Northern Ireland Office and Foreign Office said they had no knowledge of the affair.

The row has obscured the basic complaint from Sir John that he and Mr Laurence Wren, the Garda Commissioner, have not met for over two years. Whether the row will hasten such a meeting, or postpone it further, remains to be seen.

Examination of the various statements shows little actual dispute as to the facts. The RUC statement that the bombing originated in the Republic was based on the pattern of previous attacks and did not

claim specific evidence. The RUC said yesterday that they had nothing to add to their original statements, but the authorities in the Republic have reacted badly to what they see as attempts to pressure them into a meeting between the police chiefs.

There is considerable anger in Northern Ireland that the deaths of four officers, including a woman, were obscured by the wrangle and some of the blame for this will attach to Sir John. Beyond that, the British Government may become more insistent that the police commanders should bury their differences and resume the once regular contacts.

Stansted airport decision soon

By Michael Donne, Aerospace Correspondent

A GOVERNMENT decision on the development of Stansted Airport in Essex, and a fifth passenger terminal at Heathrow, is expected to be announced in the next months in the projected White Paper on Airports Policy.

Suggestions yesterday that decision to expand Stansted had already been taken were discounted in Whitehall, as all the options were still under detailed consideration.

Nevertheless, opinion in the civil aviation industry is that the Government will have little alternative but to develop Stansted, at least to a limited extent (perhaps from the present capacity of 2m passengers a year to about 5 to 7m passengers a year) to meet the anticipated growth of air traffic.

Stansted has one of the longest runways in the country, and would only need limited additional terminal capacity to be able to cope with 5m to 7m passengers a year.

The recent Gallup Poll taken around Stansted indicates that, in spite of the vociferous environmental lobby that has opposed any growth there, a growing body of local opinion accepts this same expansion is necessary, if not even desirable, for improved employment and other reasons.

The Government's bigger airports policy problem is likely to be whether to develop a fifth passenger terminal at Heathrow, catering for 15m passengers a year and raising that airport's capacity from 8m to 15m passengers a year.

The fourth terminal there, now under construction, will lift capacity from 30m to 38m; and will become operational early next year.

Even that development, however, is already threatening to swamp surrounding roads, including the M25 motorway, and other service facilities, and another 15m passengers a year, with all their associated demands, would create far worse problems.

The Heathrow environmental lobby is moreover much larger than that round Stansted, and could cause the Government more political problems.

Spain cracks down on air charter ploy

By Arthur Sandles

SPANISH authorities have taken unexpected action to stem the flow of cheap seat-only charter passengers into Spain from northern Europe, especially Britain.

Teams of Spanish officials have been checking arriving flights to ensure that passengers have documentary evidence that they are on package tours and accommodation (and fulfil this legal need passengers are issued with a voucher for a £1 fee).

This voucher is often for the rental of a flat which the passenger already owns or has booked and breakfast accommodation in some unlikely dormitory hotel which all concerned know will never in fact be used.

The Spaniards are checking flights and passengers not having these vouchers—many people just throw them away—are questioned further. In the absence of any package tour evidence, the airline is fined £10,000 (just under £50) —not very much less than the airline has received in the first place for off-season flights.

The move has surprised the travel industry since Spain is suffering from a shortage of visitors. More than 1.5m seat-only sales will be made on the British market this year, perhaps 1m of those to Spain. In theory they involve the purchase of accommodation and fulfil this legal need passengers are issued with a voucher for a £1 fee.

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The move has surprised the travel industry since Spain is suffering from a shortage of visitors. More than 1.5m seat-only sales will be made on the British market this year, perhaps 1m of those to Spain. In theory they involve the purchase of accommodation and fulfil this legal need passengers are issued with a voucher for a £1 fee.

Pakistan unveils tight budget in return for international aid

BY MOHAMMED AFTAB IN ISLAMABAD

PAKISTAN yesterday unveiled a draconian budget reflecting the country's determination to put its house in order in return for record international aid.

A Western aid consortium meeting in Paris earlier this month pledged a record \$2.6bn (£2,060m) in assistance but suggested Pakistan should tackle its massive energy shortage, mobilise internal resources and deregulate the economy.

Yesterday's measures for 1985-86 included a heavy tax on petroleum products, natural gas and electricity, higher railway charges and a 5 per cent surcharge on all imports.

Mr Mahbubul Haq, the Finance and Planning Minister, announced that the Government would attempt to avoid deficit financing while relying heavily on domestic borrowing in the form of national savings schemes to fund development.

Mr Haq also announced the setting up of a deregulation commission to dismantle government controls on investment, production, marketing and sales.

The commission, he said, would suggest measures to "generally free the economy."

Addressing the country's 237-member National Assembly, Mr Haq said overall expenditure would be Rs 126.88bn (£8.3bn), up 13.4 per cent over the 1984-85 level.

With more than 74 per cent of the country's internal revenue budget committed to defence, debt servicing and subsidies, the Government's room for manoeuvre is limited.

Mr Haq said that Rs 100bn of the total outlay would be funded internally and Rs 26.6bn from foreign, mainly Western aid.

Mr Haq said railway fares and freight costs will rise by 23 per cent, petroleum and electricity will cost 10 per cent more, while the natural gas price for commercial and industrial customers has been raised.

These four items will provide Rs4.79m and a 5 per cent "educational surcharge" on all imports to expand education will generate Rs4.68m a year. The two will provide a total of

Rs9.47m a year to overcome the projected gap.

The Government, for the first time, indexed salaries of 2.3m of its employees who will receive 10 to 13.5 per cent more wages from July 1, depending on their existing range of salaries. Employees in the private sector, receiving wages of up to Rs1,500 a month, will get a 3.5 per cent increase.

Mr Haq said the Government will float new bonds in the domestic market to collect savings, attract foreign exchange remittances of overseas Pakistanis and mop up tax-evaded or "black" money held inside Pakistan. He expects up to Rs 5,000m from these new sources together, which will be used to meet Government expenditure.

He also expects the Government to start a programme to dispose of its shares in selected state-sector industries. The sale will provide Rs 2,000m in 1985-86. Foreign investors will be permitted to buy these shares, which are mainly in the basic and heavy industries.

SINO-BRITISH NEGOTIATIONS ON HONG KONG

Good omens for Zhao's UK visit

BY COLINA MACDOUGALL

THE Sino-British agreement on the return of Hong Kong to the mainland in 1997 will be ratified in Peking on Monday.

This important ceremony will be closely followed later in the week by the arrival in Britain of Zhao Ziyang, the Chinese Premier, marking a new stage in relations between London and Peking.

Zhao's visit could trigger off a flurry of new contacts, including a visit to Britain next year of Hu Yaobang, the Chinese Party leader, a trip by the Queen to China and greater economic and trade ties.

The next chapter in the Hong Kong saga is the first meeting of the joint liaison group in London in July.

Inward flow of investments set record last year

BY ANDREW ARENDS

INWARD INVESTMENT in Britain was a record last year, reaching more than 28,000 jobs and preserving nearly 18,000 others, according to Mr Norman Lamont, Minister of State for Industry. The Minister was commenting yesterday on publication of the 1984 Invest in Britain Bureau report.

The report shows 285 foreign-owned companies decided to locate in the UK or to expand operations in this country. This represents a 26 per cent rise and compares with 219 such companies the previous year.

Mr Lamont said the UK was now the "preferred location" for international companies considering investment in Europe. He cited the latest figures showing that Britain attracted 39 per cent of total U.S. investment in Europe (including the oil sector) last year.

Between 1981 and 1983, the UK accounted for nearly 50 per cent of cumulative Japanese investment in the European Community.

Invest in Britain Bureau figures show the U.S. remains far and away the largest foreign direct investor in the UK. Between 1980 and 1983 annual U.S. direct investment averaged £800m a year, accounting for more than 50 per cent total in-

ward investment, excluding oil. Over the same period, Japanese investment accounted for barely 2.7 per cent of total investment, or roughly £41m a year.

Moreover, since the late 1970s, the pattern of investment has changed, while net direct inward investment has risen by nearly 7 per cent from an average between 1977-79 of £1,440m a year to £1,540m annually between 1980-83.

Between 1977 and 1979 countries in the European Community accounted for 25.1m a year in UK inward investment. However, between 1980 and 1982 these countries accounted for less than 4 per cent of the total, or less than £60m a year.

Over the same period, investment from the rest of the world (excluding Japan and western Europe) doubled from 10.6 per cent of total inward investment to 25.3 per cent, or from an average of £152m a year between 1977-79 to nearly £400m a year between 1980-82.

Invest in Britain Bureau is co-ordinating a campaign to attract foreign investment. Mr Lamont said yesterday that "in the face of increasing competition from the rest of Europe, we must work even harder to sell Britain overseas."

BSC expands Cleveland blast furnace workforce

FINANCIAL TIMES REPORTER

BRITISH STEEL has taken on 122 people at its Cleveland works because of an increase in blast furnace operations there.

In spite of the large number of redundancies in the steel industry on Teesside in recent years, most of the new employees were recruited through the local unemployment register and have no previous steel making experience. The rest were BSC apprentices and Youth Training Scheme recruits.

BSC said the last redundancies among blast furnacemen in the area occurred in the late 1970s, and those men had either retired or found other jobs.

The vacancies arose because BSC plans to shut down its big blast furnace at Redcar in April for a £55m refurbishing.

As a result, the corporation needed to develop other sources of iron for the Lakenby steelworks.

The solution is to use the two small furnaces at Cleveland and operate the steelworks at much reduced level. The Cleveland furnaces have the capacity to make about 5,000 tonnes a week each—much less than the Redcar furnace, which produces 10,000 tonnes a day.

Normally only one of the two Cleveland furnaces is in operation, making either pig iron for the foundry industry or ferro-manganese, an additive in steel-making. The second has now been started, so that stocks of these products can be built up. Then, when the Redcar furnace goes down, the two will switch to production of molten iron for Lakenby.

Import ban on asthma drug lifted

By Raymond Hughes, Law Courts Correspondent

AN INJUNCTION stopping Generics (UK) importing from Italy an asthma drug patented by Allen and Hanbury has been lifted by the Appeal Court.

Allen and Hanbury, part of the Glaxo group, had sued when Generics began importing the drug Salbutamol, marketed by Allen and Hanbury under the name Ventolin.

Last December, the Patent Court ruled that it would be an infringement of Allen and Hanbury's patent to import the drug, as it was marketed in Italy without Allen and Hanbury's consent.

The appeal judges said there could be no infringement because Generics had applied for a "licence of right" under the Patents Act to market Salbutamol in the UK.

Since the Patent Court's ruling, the Appeal Court had decided, in a dispute between Beecham and Glaxo, that a licence of right operated from the time it was applied for—even though its terms might not then have been settled.

On the basis of that ruling, Lord Justice May said, Generics could not be said to be infringing until the terms of the licence were known.

Allen and Hanbury said later it would challenge the decision in the Lords. It expects the appeal to be linked with that in the Beecham and Glaxo case in July.

Healthy growth in low-calorie foods

BY DAVID FISHLICK, SCIENCE EDITOR

SALES of low-calorie foods and drinks in the UK exceeded £771m last year, with consumption growing at about 4 per cent, according to the Food Research Association.

The market is highly innovative, especially in low-calorie alternatives to traditional products, the research association concludes in a report compiled by Ms Moira Hilliam of its market information service.

The three products most sold in the UK are low-fat liquid milk, worth £200m last year, followed by yoghurt (£151m) and low-calorie soft drinks (£133m). Artificial sweeteners had sales of only £21m.

Consumer taste is shifting from specific slimming foods to a generally healthier diet, the report said. More fibre, and less fat and sugar, add up to a net reduction in calorie intake, so food manufacturers are tending to promote the virtues of health and fibre content.

Low-fat foods are advertised as "trimmers" rather than slimmers, who are defined as those "interested in healthy eating and reducing fat in their diets."

Low-fat milk sales have doubled in a year, from £100m in 1983, but the study sees plenty of scope for further growth. It cites France where 63 per cent of all milk sales go into low-fat milk, compared with only 8 per cent in the UK.

Low-fat spreads have expanded from £2m sales in 1977 to £40m by 1983—6 per cent of a yellow fat market worth £720m that year. Butter held 54 per cent of the market and margarine the remaining 40 per cent.

The report says the consumer has been confused by the health arguments surrounding yellow fats. The so-called healthy margarines such as Flora are no lower in calories than butter or other margarines. But low fat spreads have less than half the calories.

The report concludes that there are about 11m slimmers in the UK at any one time.

Low-calorie foods in the UK. Leatherhead Food Research Association, Rendalls Road, Leatherhead, Surrey, E36.

Ready-made meals boom

A RECORD £45m was spent on ready-made meals in Britain last year and future growth could make home cooking a thing of the past, a report on convenience foods by Mintel, market research group has said.

By the 1990s, consumption will have reached three times the current level, which now accounts for 1.5 per cent of consumer spending on food.

Frozen meals will take an estimated £195m share of the market in 1985 although consumers think chilled meals offer higher quality. Canned ready meals lag a long way behind in popularity, with dried ready meals the least popular.

Companies link in £27m oil rig deal

By Maurice Samuelson

KCA DRILLING, an independent oil drilling and engineering company, has joined forces with Sweden's STC Venture AB in a \$34m (£27m) deal to acquire and operate the jack-up drilling rig, STC Platon, built in 1982.

KCA will own 60 per cent of the company and STC Venture 40 per cent. The three-legged jack-up rig would be renamed after handover from its current contract in the Dutch sector of the North Sea in August.

Expansion into jack-up and semi-submersible activities has been the declared intention of KCA since it was the subject of a management buy-out by six senior executives in late 1983.

In addition to its own drilling ship, due to sail from Spain to the Red Sea shortly, KCA has three drilling rigs aboard North Sea platforms carrying out work for Mobil.

Activities on shore include the use of a new quiet drill in environmentally-sensitive areas.

Building land rules upheld

GOVERNMENT instructions to local authorities to make sufficient building land available to meet the demand for new homes have been upheld by the High Court.

The House Builders' Federation has taken Hertfordshire Council to court over its policy of phasing the release of building land over several years rather than all at once.

Christopher Parkes finds lino and vinyl makers in the doldrums

Wall-to-wall worries in the flooring trade

BATTLING AGAINST the plush tide of carpets and the irritating encroachment of what the industry calls "junk" from Spain and Yugoslavia, the West European vinyl flooring and linoleum business has been stuck in the doldrums for the past five years.

In Britain, for example, annual sales have been ticking over at around 34m square metres since 1980. Over-capacity is common throughout Europe and manufacturers have found themselves running ever harder to keep up with the fickle demands of fashion and at the same time to prevent further erosion.

Their concentration on these day-to-day troubles was broken this week by the announcement that Forbo, the Zurich-based group, is to take over Nairn International, a company from Unilever's oldtimers department, which is the UK's leading maker of floor and wall coverings.

Not that the sale came as a surprise: Forbo and Unilever first made contact about two years ago when it became clear that the Anglo-Dutch group was keen to be rid of its peripheral activities.

Tarkett, a subsidiary of Swedish Match and a leading European flooring maker, also showed interest before plunging for GAF of the U.S. This purchase came complete with a huge flooring factory on the outskirts of Dublin and, more importantly, on the threshold of the EEC.

The acquisition will increase Forbo's turnover from SwFr 605m (£185m) to about SwFr 900m, the company said yesterday. It will also tighten the group's grip on the European market. It now manufactures flooring plant in the UK, West Germany, France, and the Netherlands, as well as factories in Switzerland, Austria, Sweden and Mexico plus sales companies around the world.

Apart from gaining broad market leadership in the UK, the acquisition has allowed Forbo to pluck two plums: most of Britain's linoleum manufacturing capacity and a strong chance of winning the Government's annual so-called "lino contract."

It has become something of a tradition that the Government's annual block order for floor coverings for hospitals and other public buildings has gone



Vinyl flooring: tough times ahead for manufacturers

to Nairn. The value—doubtless substantial—is secret.

Citing the Treaty of Rome, which demands free competition for this type of deal, Forbo and DLW of West Germany have been trying for some years to loosen Nairn's grip.

But the linoleum business may be of even greater long-term worth. Even though traditional lino has lost considerable ground to vinyl products, some in the industry claim it is one of the few sectors showing real growth.

Still made from a pungent mix of linseed oil, cork, wood powder and other alchemical compounds, lino has been staging a modest comeback in the past three years. Favourable by the contract market, its UK sales have been increasing by about 2m square metres a year, according to industry experts.

It is popular with architects and designers who like its "natural" attributes and extraordinary durability.

A dropped casket, for example, may burn a hole through vinyl. Lino shrugs off the scorch. At Nairn's plant in Kirkcaldy they boast of gleaming corridors still fitted with lino laid 30 or 40 years ago.

The product is also expected to benefit from a turning of the tide against carpets in hospitals and similar buildings. While lino needs more maintenance,

in Europe. The British, for example, buy only one-third as much as the Swedes. And only the Spaniards and Italians buy less than the British.

Herr Bischof, who maintains that vinyl floor coverings are more popular around the house in Europe, claims that the trend to carpet has gone into reverse. Vinyl and lino have regained ground in the bathroom, for example, mainly for hygiene reasons.

Pressure of competition has also activated manufacturers in other areas. Vinyl manufacturers have introduced flooring in 3m and 4m widths, largely putting an end to unsightly seams. Inclusion of a glass fibre layer in the lamination has helped prevent buckling and keeps the surface flat.

There has also been rapid progress in design following improvements in colouring, printing and laminating techniques. Armstrong, an offshoot of Armstrong World Industries of the U.S., which claims up to 25 per cent of the UK retail market and exports 60 per cent of its British output, has been particularly busy.

The company was quick to recognise the growth of fashion-consciousness in Britain and brings new designs to market every two years as a matter of policy.

It has also adopted an aggressive marketing stance which has raised eyebrows among some competitors because of its clear focus on promoting the product directly to the consumer through TV advertising rather than through the traditional route of aiming primarily at the distributors.

The company's pictures of a rhinoceros charging through a brick wall, and more recently falling to do the same with a sheet of Armstrong flooring, may well give the public a powerful idea of the look and durability of the product. They also give a fair impression of the resilience of this unglamorous but far from dowdy floor covering.

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THE LATEST MANAGER'S REPORT TO SHAREHOLDERS CAN BE OBTAINED FROM THE FUND'S LONDON AGENTS, WRITE TO: FORBES SECURITIES MANAGEMENT CO. LTD., c/o 54 WALL, LONDON SW14 6PL, TEL: 01-834 3012, TELEFAX: 01-834 3013

FORBES SECURITIES MANAGEMENT LTD

Money Market Cheque Account Jersey

Annual Report and Accounts available on request, 4, Dan Road, St Helier, Jersey, JF1 9SA 0855.

BANK OF SCOTLAND

Annual Report and Accounts available from the Secretary, Garnar Booth Plc, Grange House, 84/86 Borough High Street, London SE1 1LN.

APPOINTMENTS

Sir John Cuckney becomes Royal Insurance chairman

Sir John Cuckney has been elected chairman of ROYAL INSURANCE following the retirement of Mr Daniel Meinertzhagen, who has been chairman for the past eleven years. Sir John has been re-elected deputy chairman. Sir John is chairman of Thomas Cook and a director of Midland Bank. He is also chairman of John Brown, and deputy chairman of T.I.

Following acquisition of Californian company Leisure Time Chemical Corp. by LAPORTE INDUSTRIES, Mr Stan Freeman, who founded Leisure Time, will head a new international division, based in Laporte's London headquarters, which will develop its interests in pool and spa chemicals.

BERKELEY EXPLORATION AND PRODUCTION has appointed William Forrester, Mr G. A. Clark-Hutchinson and Mr T. A. T. Ladd as directors.

ECOBIC HOLDINGS has appointed Mr Ronnie Aitken as non-executive chairman and Mr Leslie Jones as executive chairman. Mr Graham Ewing has been appointed finance director.

Mr Brian Shaw, chairman and managing-director of the Furness Withy Group, has been elected president of the general council of the **BRITISH SHIPPING**. He succeeds Mr William Menzies-Wilson, chairman of Ocean Transport and Trading. The new vice-president is Mr W. Garry Runciman, chairman of Walter Runciman and subsidiary companies.

HOGGETT BOWERS has a new board structure. The chairman, Mr John R. Featherstone, becomes chairman and chief executive and, together with Mr R. D. Howgate, Mr M. W. Fitzhugh and Mr G. T. Walker, will form the operations committee of the board. Mr R. R. Varley will continue as a main board director responsible for development and strategic planning. The company's associate directors will assume additional and specific responsibilities for day to day management and development of the business. To assist in achieving this objective, Mr J. C. Brown and Mr J. L. Moore have stood down from the main board but will continue as associate directors together with Mr G. Sable, Mr A. D. Kelly, Mr E. Sutton and Mr P. A. Adderley. In addition, Mr J. G. Kilvington has been appointed an associate director.

Dr James Ewart Henderson has been appointed chairman and chief executive of **MASTIFF ELECTRONIC SYSTEMS**, Cranleigh. He was managing director.

BLANKSTONE SINGTON AND CO. stockbrokers, has appointed Mr Michael Carl Taxman as a partner. He has been with the firm since April 1978 and became a member of the Stock Exchange in 1981.

Mr Richard A. Chamberlain has been appointed ICL group treasurer in succession to Mr John Bishop who took up a similar position earlier this year with STC, the ICL group's parent company. Mr Chamberlain joined ICL in France in 1979 and has been deputy treasurer since 1983.

TILNEY, stockbrokers, has made the following partners: Mr A. Richard James, who will be in charge of the Southampton office; Mr Philip C. Okell, who will be in the main office in Liverpool.

Mr Robins Powell has been appointed managing director of Colbrook Equipments Ltd, following the retirement of Mr Donald Ringe. Mr Powell was managing director of Vokes Air Filters, a subsidiary of the DCE Vokes Group.

GOODHEAD PRINT GROUP has appointed Mr Michael Franks as non-executive deputy chairman and Mr Owen Cawser as a non-executive director.

Mr David Baggeley has been appointed to the board as director of finance of **ABERY LIFE ASSURANCE**. He was finance director of National Girobank.

Mr Mark P. Andrea has been elected chairman of **HALLS WORTH** in place of Mr R. C. Kilgus, who has resigned and taken over this connection with the company.

From May 20 the officers of the **NATIONAL ASSOCIATION OF PENSION FUNDS** will be: chairman, Mr Colin Lever (Bacon & Woodrow); vice-chairman, Mr John C. Bishop (Shell International Petroleum Co.); treasurer, Mr Geoffrey Mawson (Merchant Navy Officers' Pension Fund); and hon treasurer, Mr Mike Beaumont (Westland).

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Granville & Co. Limited

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Over-the-Counter Market

High	Low	Company	Price	Change	div.(p)	%	Actual	Est.
146	122	Ass. Ind. Ord.	146	—	8.5	4.3	8.1	8.6
151	136	Ass. Bnt. Ind. CULS.	150	—	10.0	6.8	—	—
77	51	Airpump Group	54	—	6.4	11.9	6.0	7.1
42	28	Armstrong and Rhodes	38	—	2.9	8.1	4.5	—
159	108	Bardon Hill	150	—	3.4	2.3	15.1	26.2
58	42	Bry Technologies	57	—	1.9	3.8	6.8	8.0
201	163	CCL Inc. Ord.	163ad	—	12.0	7.4	4.0	3.5
152	110	CCL 11% Conv.	110	—	15.7	13.8	—	—
120	10	Corbionum Ord.	115	—	4.8	4.3	5.7	8.8
88	64	Corbionum 7.50c Pl.	88	—	10.7	12.2	—	—
73	48	Deborah Services	46	—	8.5	14.1	4.4	7.1
325	182	Frank Russell	325	—	9.7	10.1	12.1	17.1
268	170	Frank Russell Fr.Ord.	260	—	8.6	3.7	10.4	13.7
32	26	Frederick Park	29	—	—	—	—	—
56	33	George Blair	57	—	—	—	—	—
50	20	Ind. Precision Castings	21	—	2.7	12.9	5.8	7.7
219	181	Isla Group	181	—	15.0	8.3	7.2	13.1
124	101	Jackson Group	105	—	4.9	4.7	4.9	8.4
285	213	James Burrough	225	—	13.7	5.8	8.4	9.5
83	53	James Burrough Sp. Pl.	80	—	12.9	14.3	—	—
89	71	John Howard and Co.	89	—	5.0	5.8	7.1	11.1
100	80	Linguschem 10.5p. Pl.	223	—	15.0	15.2	8.2	8.5
100	93	Linguschem 10.5p. Pl.	98	—	15.0	15.2	8.2	8.5
650	300	Minihouse Holding NV	688ad	—	8.8	1.1	27.9	26.5
120	31	Roberts-Jenkins	34	+	1.7	1.8	—	—
80	31	Roberts-Jenkins	34	+	1.7	1.8	17.9	21.1
32	81	Taylor Holdings	76	—	1.5	1.8	—	—
82	80	Taylor Holdings	80	—	1.4	1.5	18.8	21.3
30	17	Unitek Cardfile	30	—	1.3	4.3	2.0	17.0
102	81	Walter Alexander	102	—	7.5	7.4	10.1	12.3
25	21	Walter Alexander	25	—	17.4	6.9	—	—

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(Bob Piper, Micro Decision)

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(Dick Pountain, Personal Computer World)

MONEYWISE is far easier to use than any other spreadsheet I've tackled. Where FT. MONEYWISE really scores is in its financial dedication.

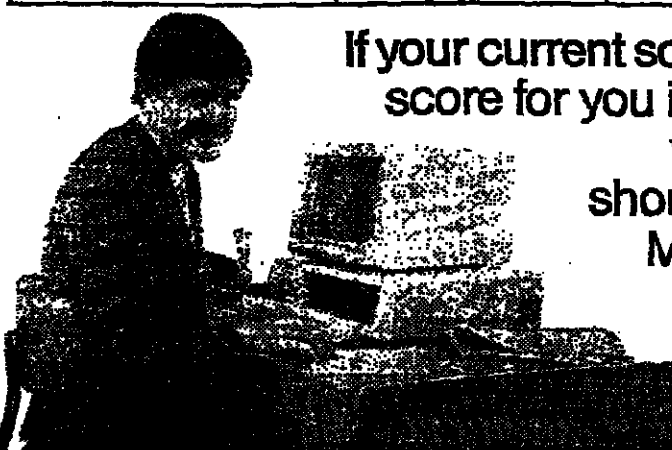
(Neville Ash, Personal Computer News)

This program will achieve great popularity within the market for which it is intended. The ability to change the assumptions of a model, and then with one keystroke see the effects... is extremely powerful.

(Iwan Williams, PC User)

The Moneywise Test

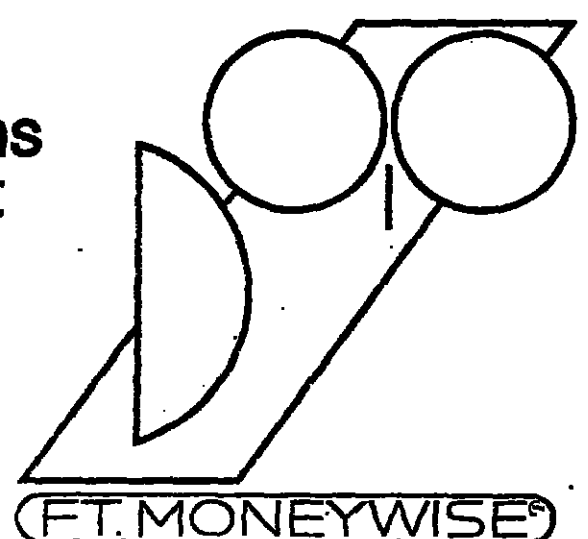
QUESTIONS	TYPICAL SPREAD SHEET	MY SPREAD SHEET	FT. MONEYWISE
1. Can I extract multiple types of reports and graphs from a single model, quickly and easily?	NO	?	YES Allows selective reporting
2. Can I put together a model quickly, and show its construction details to others for analysis and alteration?	NO	?	YES Is self-documenting including logic
3. Can I get high-quality, impressive printouts quickly without using another software package?	NO	?	YES The Moneyprint is a complete, A4 format, personalised financial report
4. Can I use financial formulae from the very beginning of my work?	NO	?	YES Wide range of formulae provided
5. Much of my time is taken up "exploring" my model. Is it easy for me to alter figures, recalculate, examine changes in results and graphs, etc?	NO	?	YES Has extremely fast re-calculative speed and the "Bookmark" facility
6. I use my modelling system sporadically. Can I "put it down and pick it up again" without relearning complex sets of commands?	NO	?	YES Has Help specific to the context and the minimum of commands
7. I often need to adjust the start and finish dates of my models and show the subsequent changes in results. Can I do so easily?	NO	?	YES Allows just the "base dates" to be changed to completely "roll" reports forwards or backwards



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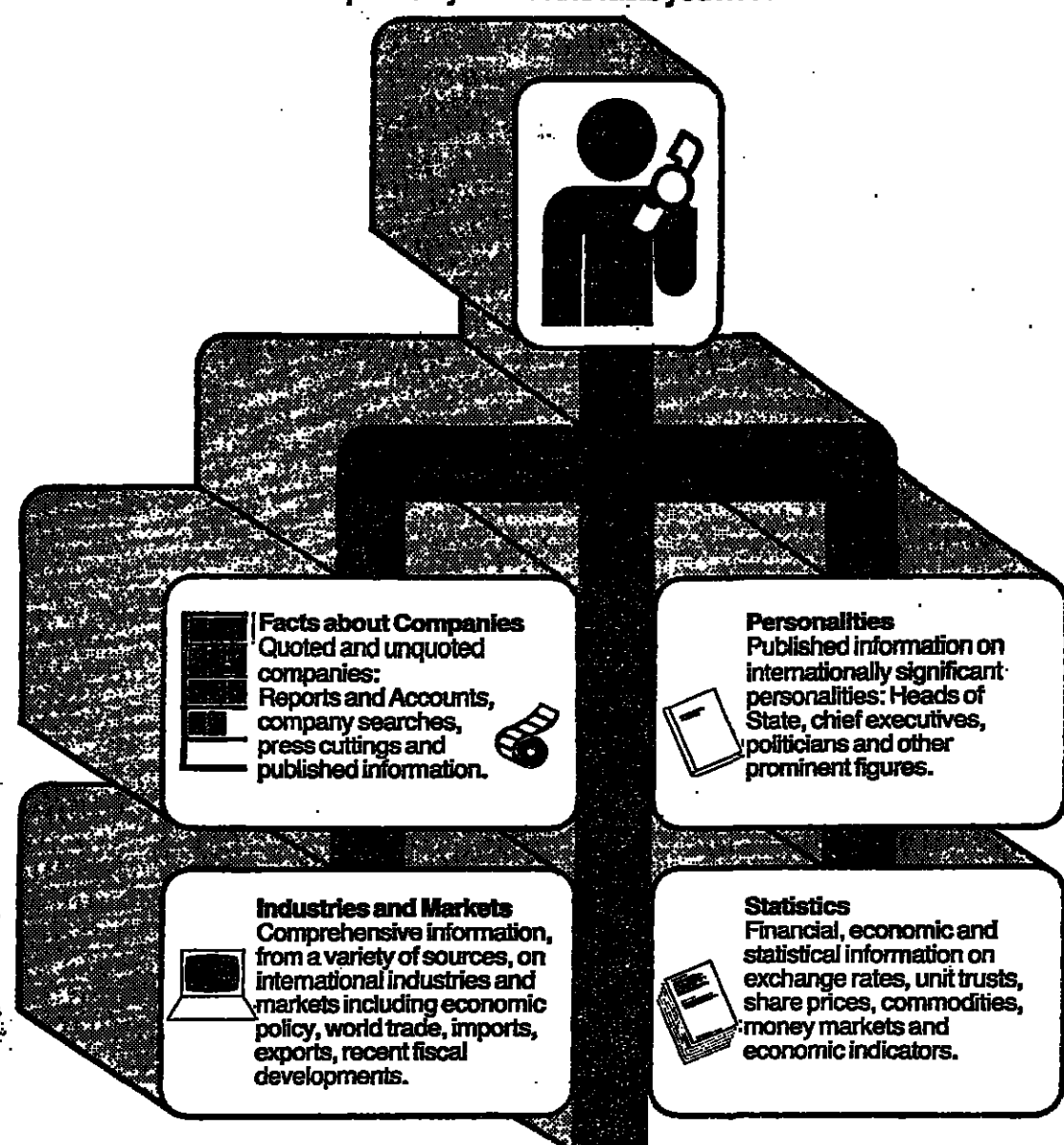
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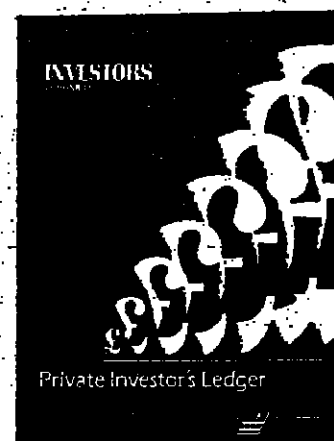
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Rec date	% gain at 5.5.85		
Keywest Inv.	8/83	+423	
Australian Con. Min.	9/83	+406	
Reed Executive	8/83	+323	
London Eur. Airways	11/84	+300	
Antofagasta Hldgs	9/83	+248	
Grattan	6/83	+248 (17)	
Microgen	1/84	+245	
Wolstenholme	10/83	+220	
Dee Corp.	5/83	+217	
High Point	12/82	+204	
Vickers	7/83	+202	
Falcon Res.	10/84	+199	
Appledore, A.P.	10/84	+195	
Bridon	6/83	+188 (22)	
Aero Needles	12/83	+183 (2)	
AE	11/83	+181 (17)	
Delta Group	5/83	+180	
Wolstenholme	10/83	+180	
Bath & Portland	8/83	+178	
Booker McConnell	8/83	+164	
MCD Group	5/83	+157	
Bleasdale	3/84	+150	
Waterford	6/83	+150 (21)	
Argyll Group	9/83	+148	
Cope Allman	12/83	+140	
Low & Bonar	9/83	+140	
Nell & Spencer	6/83	+138 (9)	
Rotaflex	10/83	+138	
Home Charm	3/84	+136	
Brammer	11/83	+132 (16)	
Coats Patons	11/83	+128 (16)	
RHM	10/84	+121	
Comcap	5/84	+119 (10)	
Lister	11/83	+119 (4)	
Wight Collins	2/84	+118	
Iceland Frozen Foods	9/84	+116 (7)	
Jaguar	8/84	+114 (6)	
VGI Instruments	1/84	+113	
Bridport-Gundry	11/83	+109	
Low & Bonar	9/83	+108 (7)	
Tool	6/83	+103 (21)	
Carpet Int.	5/84	+100 (11)	
BET II	6/83	+99	
Fisons	5/83	+97 (22)	
Rotork	11/83	+94	
Laporte Ind.	11/83	+92 (16)	
Reuters	5/84	+92	
Blue Arrow	8/84	+90	
Sangers Photo.	8/84	+89	
Gestetner 'A'	8/83	+87 (8)	

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Doncaster pits to shed 2,500

By Philip Bassett, Labour Correspondent

THE National Coal Board announced further job losses yesterday as part of its post-strike review programme, telling coal unions in the Doncaster area that 2,500 jobs are to go by the end of next March.

All the NCB's constituent areas are to make announcements about their capacity by the end of this month, having completed management assessments of the state of the pits after the year-long strike by members of the National Union of Mineworkers.

Mr Albert Tuke, the NCB's Doncaster area director, said that at this stage, closures of pits in the area could be avoided.

He told the three mining unions that about 300 of the required 2,500 had already left, and transfers and voluntary redundancies covered the projected losses.

But the level of manpower reduction next year would depend on improved colliery performance, and told the unions that coalface productivity should rise from 84 tonnes a man to 124 to match pits in surrounding areas.

The NCB says the strike affected Doncaster pits more seriously than other areas because of their depth, the danger of spontaneous combustion and because union militancy in the area meant that no regular safety cover had been provided during the strike.

At the strike's start, the area had 39 producing faces. When it ended only 24 were recoverable. So far, 22 have resumed production, and the NCB believes it will be possible to recover capacity at a total of 30 faces, including new ones.

Mr Tuke told the unions that the replacement value of equipment lost because of the strike would be more than £20m, and the total cost of recovery in the area could generate losses as high as £50m by the end of the present financial year.

Output in the area is expected to be less than 5m tonnes this year, compared to a normal production level of 6.5m tonnes.

Details of the colliery manpower reductions are: Askrigg (500 out of existing 1,251); Bentley (150 from 1,013); Frickley (400 from 1,700); Goldthorpe (80 from 690); Hatfield (220 from 1,320); Hickleton (140 from 350); Kellingley (70 from 1,420); and Yorkshire Main (230 from 1,430). Markham Main would be unchanged.

Pit deputies walked out of Kellingley colliery in Yorkshire yesterday over the NCB's decision to cut bonus payments to those operating the overtime ban called by their union, Nacods.

Production was halted and 11,000 tonnes were lost. Mr Peter McNestry, Nacods general secretary, said the NCB was again taking a harder line with the deputies than with the NUM.

Mr David Hunt, coal minister, said on a visit to Yorkshire's new Selby pit complex that he could see no justification for continuing industrial action in the industry.

Conversations with men underground had confirmed his view that the Nacods' action had placed the industry in a "crazy situation" because it was taken when the union was near to reaching agreement on a new pit review procedure—the issue at the heart of Nacods' action.

Notts men beat NUM election ban

By Our Law Courts Correspondent

FORMER striking miners in Nottinghamshire have defeated an attempt to bar them from standing for office or voting in pending area and branch elections.

A High Court judge yesterday ruled that decision by the Nottinghamshire NUM executive to charge a "readmission fee" for the return of full union rights to former strikers was invalid.

Mr Justice Nolan said that during the stoppage the union had led those on strike to believe they retained full financial membership, even though they were not paying their union subscriptions. It could not go back on that.

This year's elections in Nottinghamshire could now be a "free-for-all contest."

In Nottinghamshire, 73 per cent of miners voted against the strike, but about 10,000 in the area came out when the stoppage began in March last year and nearly 3,000 were still out 12 months later.

The area executive decided that any who had not paid subscriptions during the strike would only be readmitted if they paid 50p a week for every week after the first eight of the strike.

Because of the timing of the decision and a union rule that prevents anyone voting or standing for election within 13 weeks of being readmitted, large numbers of strikers faced being disenfranchised.

Nottinghamshire miners have elected an opponent of Mr Arthur Scargill, NUM president, to a key post in the area union. Mr Neil Greatrex was yesterday elected as one of the Notts NUM's four area agents.

Coal board given two years to return profit

By John Lloyd, Industrial Editor

THE GOVERNMENT yesterday issued its sternest public warning yet to the National Coal Board that it must transform its finances from present huge loss to profit over the next two years.

Mr David Hunt, the Coal Minister, told the annual conference of the British Association of Colliery Management in Scarborough that the £2.65bn funding for the industry until 1987—contained in the Coal Industry Bill passing through the Commons—represented the effective limits of Government largesse.

"Surely everyone recognises that the Government cannot come to the rescue of the industry indefinitely. Production must be geared to profitable demand."

"It is vitally necessary to reduce over-capacity and create a flexible industry that responds to the needs of the marketplace."

He laid down a series of objectives for the industry the first of which was that the Coal Board should aim to earn a satisfactory return of its assets in real terms. "It should maximise its long-term profitability by securing sales on a long-term basis and reduce its operating costs in real terms."

This, said a BACM delegate in a question and answer session after the Minister's speech, goes much further than the condition laid upon the industry in the Coal Nationalisation Act of 1946. There, the industry is merely enjoined to break even, taking one year with another.

Mr Hunt faced sharp questioning from delegates on the closure of Bates colliery in the North-east, where mining unions are united in their allegation that the board plans to close the pit without going through the colliery review procedure in a meaningful way.

Mr Hunt told the conference that Mr David Archibald, the North-east area director had assured him that the review procedure would be used.

Nalgo staff strike ends unresolved

By David Brindle, Labour Staff

THE STRIKE by staff which halted the work of the National and Local Government Officers' Association for more than two weeks ended yesterday without agreement on the issue at the heart of the dispute.

The union's 900-strong staff returned to work having failed to win reinstatement of Mr Jim Roberts, the Nalgo press officer dismissed for allegedly leaking a confidential document.

The strike ended as Nalgo's annual conference was about to be cancelled because of the dispute. The conference starts on June 11. It seems certain that attempts will be made there to raise the question of Mr Roberts' dismissal.

Most Nalgo staff belong to ACTS, the white-collar section of the Transport and General Workers' Union, which decided to abandon the strike after talks at the conciliation service Acas late on Thursday night.

Both ACTS and subsequently the white-collar union Apex, signed return-to-work agreements stating that staff matters should not be dealt with at Nalgo's conference. Mr Roberts' fellow-members of the National Union of Journalists went back without signing an agreement, and say that they remain in dispute.

The dispute swung against the staff on Tuesday, when Nalgo's national executive endorsed a decision not to offer Mr Roberts reinstatement.

TGWU ballot rule changes accepted

By Raymond Hughes, Law Courts Correspondent

LEADERS of the Transport and General Workers' Union yesterday began distributing detailed instructions on implementing far-reaching alterations to the union's balloting procedures after the changes were accepted in the High Court.

The changes proposed by the TGWU leadership reduce the likelihood of any interference in voting and will have a significant impact on the fresh ballot for the union's general secretaryship.

The proposals were accepted in the High Court by Mr Justice Vinelott and Mr Declan Hughes, a Kent farmer who brought an action against the union seeking extensive details of voting in the current election and last year's ballot, which was cancelled after allegations of voting irregularities.

The case was adjourned until June 4—11 days before the result of the re-run ballot is due—and Mr Hughes will press again for a central register giving a branch-by-branch breakdown of the results.

The judge expressed the hope that agreement could be reached on this issue during the adjournment, but he was told by Mr Eldred Tabachnik, QC, for the union, there was no reason to believe such agreement could be reached.

The union believes its rules do not require it to have such a register. If agreement is not reached, Mr Hughes is likely to press for a full court examination of the alleged irregularities in the last election.

Yesterday the union amended proposals it had put before the court on Thursday, to cover the position of members who vote at regional rather than branch offices.

The results of their voting will be posted up in the regional offices for four weeks after the declaration of the result.

Mr Tabachnik said the union believed it had done the best it could to secure a fair and proper count and declaration.

Mr Simon Goldblatt, QC, for Mr Hughes, welcomed the union's "great efforts" and "new spirit," saying that, for the time, members would know in their branches how their votes had been recorded.

He added that he had reservations about whether the revised procedures would work in the current election, because of the tight timetable and because some branches never held meetings or kept minutes.

Following a meeting of the union's regional secretaries, Mr Moss Evans, TGWU general secretary, said: "For 60 years the rules and good practices of the union have been straightforward and democratic. Members have the right to know. Our move makes that absolutely clear, even to the most mischievous of our critics."

He added he wanted members to be "absolutely reassured that the strict letter of the rule book is being followed and that the conduct of the election is beyond reproach."

NCB job agency defended

MR IAN MACGREGOR, NCB chairman, yesterday strongly defended the efforts of the NCB's enterprise agency in creating new jobs in declining mining areas.

Speaking at the launch in Newcastle-upon-Tyne of NCB Enterprise in the North-East, Mr MacGregor said: "We are not trying to create jobs just for miners, because there are not going to be that many miners looking for jobs. We are trying to help communities as a whole."

One of the enterprise agency's most important functions, he said, would be to give advice to miners who wanted to take redundancy and create new businesses of their own.

Mr Tony Hewitt, executive director of NCB Enterprise, stressed that the £10m so far made available to the agency was not the end of its financial resources.

In any case, the £10m was not for use on its own, he said. It overlaid or given up, projects to which Government or local authority or private capital had already been committed or was in the offing.

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

as at close of business on Monday 20th May 1985												as at 30th April 1985										Total Return over 5 years to 30.4.85 (12)	
Total Net Assets (£1 million)												Total Net Assets (£1 million)											
INVESTMENT POLICY												INVESTMENT POLICY											
Management (3)												Management (3)											
Share Price (4)												Share Price (4)											
Yield (5)												Yield (5)											
Net Asset Value (6)												Net Asset Value (6)											
Geographical Spread												Geographical Spread											
UK (7)												UK (7)											
Nth. Amer. (8)												Nth. Amer. (8)											
Japan (9)												Japan (9)											
Other (10)												Other (10)											
Gearing Factor (11)												Gearing Factor (11)											
base=100												base=100											
Total Return over 5 years to 30.4.85 (12)												Total Return over 5 years to 30.4.85 (12)											
base=100												base=100											
CAPITAL & INCOME GROWTH												CAPITAL & INCOME GROWTH											
435 Alliance Trust	Independently managed	668	3.7	550	43	47	7	3	91	335	11	Technology	Baillie Gifford Tech. (w)	91	1.3	98	53	45	2	—	52	+	
108 Bankers	Touche, Remnant	94	3.7	123	42	41	9	8	107	329	61	British American & Gen.	Kleinwort Benson	110	3.4	120	56	32	6	4	97	246	
237 Border & Southern	John Gove	183	2.9	230	47	26	21	110	278	286	91	Pleasing Technology	Ivory & Sims	290	0.2	925	29	22	—	6	94	291	
88 Brunner	Kleinwort Benson	73	3.9	97	48	33	60	180	96	282	298	Independent	Touche, Remnant	91	2.7	123	37	44	15	4	106	288	
84 Charter Trust & Agency	Schroder Wag	83	2.7	103	61	23	13	3	97	292	111	INCOME GROWTH	Aberdeen Fund Managers	190	4.9	206	69	29	1	1	95	264	
131 Continental & Industrial	Dunedin Fund Managers	635	4.0	754	59	37	1	3	99	294	351	Aberdeen Δ	205	4.9	238	47	33	—	—	100	296		
509 Edinburgh Investment (w)	Foreign & Colonial	114	3.5	148	52	32	8	8	104	306	173	Drayton Premier	401	4.5	551	60	23	14	3	94	319		
545 Foreign & Colonial	Electra House Group	67	2.7	89	42	33	17	8	104	306	108	First Scottish American	264	4.9	343	77	13	9	1	91	319		
286 Globe	Philip Hill	250	2.3	309	71	27	—	—	94	294	59	General Consolidated Δ	252	5.2	311	60	36	—	4	95	297		
9 Jos Holdings	Philip Hill	132	2.5	143	78	16	4	2	94	294	25	Lowland	290	3.5	301	90	6	—	4	103	441		
3 Keystone	Warburg Inv. Man.	357	4.0	—	52	27	14	7	104	—	131	Merchant	97	5.6	126	51	30	7	12	94	278		
94 London & Strathclyde	Gartmore	175	1.9	198	50	16	4	1	6	92	125	Murray Income	117	5.5	138	74	14	1	11	97	348		
44 Meldrum	Gartmore	173	3.7	216	80	16	4	—	91	332	145	Murray International	123	4.6	161	55	29	13	3	108	297		
100 Outwith	Baring Brothers	133	3.2	183	61	16	13	10	103	270	39	SMALLER COMPANIES	Montagu Inv. Man.	253	4.0	330	55	29	8	5	110	+	
117 Raeburn	Leazard Brothers	317	4.3	425	53	35	3	9	105	297	38	English & International (w)	89	2.6	115	49	32	13	6	107	214		
79 River Plate & General (w) Δ	Turbitt & Co.	130	3.5	254	34	38	6	—	96	286	13	P & C Alliance	224	4.4	297	96	3	—	1	100	296		
35 S. & P. Ret. of Assets (w) Δ	Save & Prosper Group	94	0.9	139	78	21	—	—	162	—	19	Family	11	0.6	13	95	3	—	—	95	+		
358 Scottish Mortgage	Baillie, Gifford	388	2.8	492	47	29	18	6	100	333	13	First Charlotte	113	3.2	148	78	19	5	—	98	280		
306 Scottish National	Gartmore (Scotland)	229	2.7	298	50	33	5	9	105	297	29	Fleming Flegeling	153	2.4	196	49	49	1	1	97	242		
176 Scottish Northern	Paul & Williams	136	3.9	176	72	23	2	3	119	314	56	General Stockholders	115	2.5	144	48	38	3	11	98	290		
144 Second Alliance	Independently managed	556	2.7	741	43	47	—	—	83	335	24	Investment in Industry	157	5.6	206	65	19	—	16	98	320		
479 TR Industrial & General	Touche, Remnant	151	2.2	208	46	24	23	8	107	270	180	London Atlantic	327	3.2	324	39	—	8	8	312	312		
380 Witan (w)	Henderson	159	2.5	204	53	29	12	6	107	337	187	North British Canadian	188	4.7	251	92	6	—	2	104	257		
31 United Kingdom	Hambros Bank	234	4.4	329	98	1	—	—	94	377	49	St Andrew	104	3.5	141	56	28	13	3	98	283		
11 City of Oxford	Robert Fleming	264	7.6	352	100	—	—	—	89	307	36	Scottish American	244	3.3	321	47	37	8	8	96	268		
35 Fleming Claverhouse	Stancastle Assets	234	7.6	352	100	—	—	—	89	307	180	Smaller Companies Int.	76	2.3	91	51	34	15	—	97	223		
11 Shire	Touche, Remnant	87	5.1	112	89	10	—	—	101	282	187	TR Trustees Corp.	139	3.5	180	62	30	7	1	113	270		
115 TR City of London	Electra House Group	123	6.4	149	97	3	—	—	96	278	62	Throgmorton Inv. Man.	250	4.3	303	87	11	2	—	114	316		
86 Temple Bar	Electra House Group	123	6.4	149	97	3	—	—	96	278	135	SPECIAL FEATURES	J. Rothschild	98	2.0	120	46	26	17	11	91	+	
213 Anglo-American Securities	Morgan Grenfell	276	3.0	362	46	36	14	4	108	—	136	Consolidated Venture (w)	104	1.2	131	14							

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Economic ills in prospect

STOCK MARKETS are in the long run fairly good economic barometers. In the short run, they can float free from underlying fundamentals and show surprising nonchalance about storm clouds lurking on, or just over, the horizon. Although equity prices dipped in London on Friday, stock markets on both sides of the Atlantic have been nudging all-time highs during the past week. Yet prospects do not look particularly encouraging for either the U.S. or the UK economies.

It would be hard to decide whether Mr Nigel Lawson, the British Chancellor, or Mr James Baker, his U.S. counterpart, has the more serious economic problems.

Too Bullish

Mr Baker, if only because of his weightier global responsibilities, probably wins the contest by a short head. After all, earlier this week the U.S. Treasury Secretary learned the full extent of import competition: U.S. economic growth dwindled to almost nothing in the first quarter and Mr Baker was obliged to concede that the White House has been much too bullish about prospects for the remainder of 1985.

There is no shortage of pundits claiming that the U.S. economy will roar back into life later this year. Indeed Dr Lawrence H. White, a senior U.S. economist, is already warning that a stronger economy in the second half will put renewed upward pressure on interest rates.

But although somebody can be found on Wall Street willing to predict almost anything, a flurry of depressing statistics, suggests that the U.S. economy may be softening rapidly. President Ronald Reagan's much vaunted "economy of joy" is turning sour. A price is now being exacted for the high borrowing, tax-cutting policies which brought rapid growth in 1983 and 1984 and swept Mr Reagan triumphantly back into the White House.

Yet the onset of a "growth recession" is in some ways the least of Mr Baker's worries. If slow growth were the only problem, the Federal Reserve could give Wall Street further shots of adrenalin by further discount rate cuts. Policy is, however, constrained by fears that inflation may be picked up and because the monetary aggregates are already well above target.

Mr Baker has to contend with structural budget deficits stretching into the indefinite future and the more serious, related problem of America's growing foreign indebtedness. The massive overvaluation of the dollar continues to incite

fears of an inflationary "crash landing." By contrast, Mr Lawson might argue that the insouciance of the London market is not really so surprising. After all, the UK's first quarter figures are much better: national output growing at a steady 3 per cent, seemingly confirming the bullish tone of recent CBI surveys. And even if manufacturers are cutting back on inventories, a capital spending boom seems in full swing.

Yet as Government ministers are only too aware, all is not well in the UK economy. A month in which unemployment, inflation and the money supply simultaneously surge is hardly good for the nerves especially when the Treasury's coffers failed to anticipate the extent of the deterioration in all three areas and even now are struggling to explain what has gone wrong.

Labour-saving

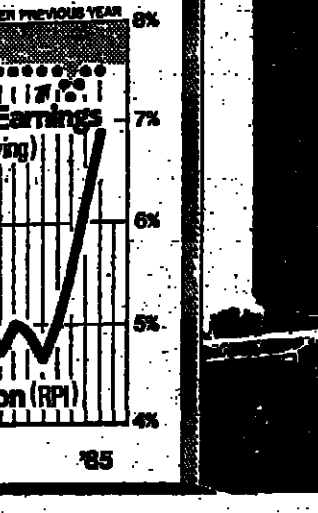
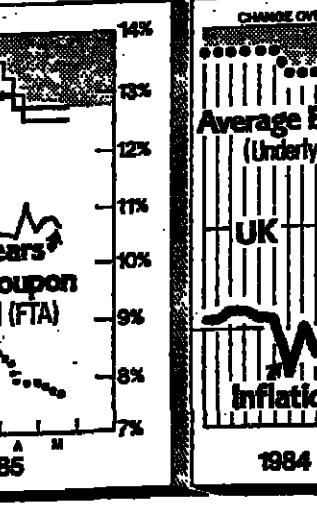
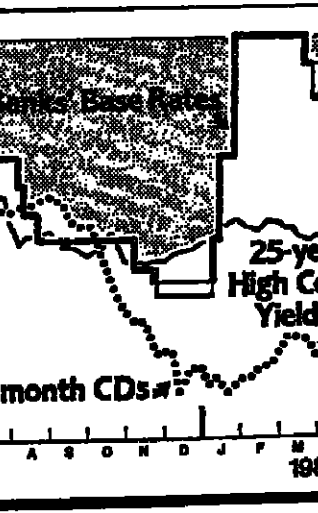
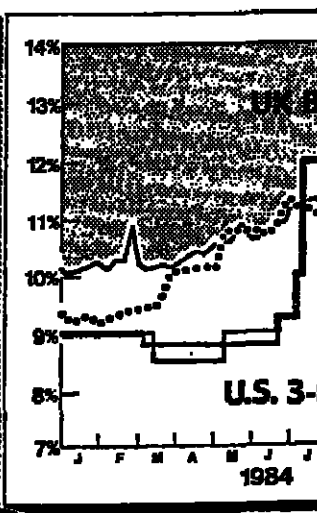
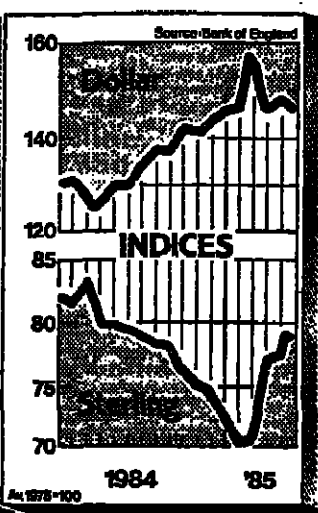
Paradoxically, tax changes in Mr Lawson's 1984 Budget designed to encourage companies to substitute men for machines may be partly responsible for the relentless rise in unemployment. In the long run, the abolition of capital allowances should encourage investment in labour-saving machinery, but the short-term effect, however, is the phasing out of the allowances has encouraged new investment and quite a lot of it may have been of the labour-saving kind.

This week, the London market may have been too pre-occupied by takeover fever fully to absorb the implications of the jump in inflation to 7 per cent and of a senior Bank of England official's candid admission that the money supply has been out of control for some time.

Even the soul-searching over monetary policy may be overshadowed by another worry: Mr Lawson, like Mr Baker, may soon have to contend with a growth recession. The latest National Institute Economic Review agrees that growth this year will be a healthy 3.3 per cent but warns ominously that in 1986 "output may hardly rise."

The medium-term financial strategy may possibly have elongated Britain's traditional business cycle — steady economic growth since early 1981 represents the UK's longest post-war recovery phase. It has not, however, abolished the cycle: the chance of a substantial slowing of growth in 1986 or 1987 is not something worse, cannot be dismissed.

A thought for the London market: Mrs Margaret Thatcher came to power in 1979 at the peak of a cycle; will she have to go to the country at a trough?



UK—why interest rates will stay high

By Max Wilkinson, Economics Correspondent

WHEN Mr Nigel Lawson, the Chancellor, denounces reports that the Bank of England is saying about monetary policy, something is clearly amiss. His sharp comment this week about the Bank's evidence to a select committee on whether monetary conditions were "out of control," might at one level seem rather arcane. But it is of crucial importance to the question of why UK interest rates are at their present very high levels—and whether they should be allowed to fall.

Discreetly muffled gunfire has been audible for some weeks in exchanges between the Bank and the Treasury on this issue. But the recent spectacular rises in the money supply seem to have left the two sides puzzled as well as divided.

This week's skirmish took place at the very centre of the policy dilemma which is: should the Government, the City or anyone else take the recent spectacular overshoot of monetary "targets" at all seriously?

In the three months to April, the money supply as broadly defined by Sterling M3 (cash and bank deposits) rose at an annual rate of 19 per cent, more than twice as fast as the maximum permitted rate set by the Government's target.

The authorities' dilemma is whether this represents what Mrs Thatcher calls "printing money" in such a pile that it will topple over into future inflation. Or is the rise a reflection of a number of rather technical changes in the demand for money?

In the second case the authorities could quietly ignore these embarrassing figures, and concentrate on pushing interest rates down as fast as seems possible without the risk of a run on sterling. This would be much closer to policy now being pursued in the U.S. (see below) where interest rates seem to have been lowered mainly with an eye to keeping the economy moving.

The UK Treasury has indeed been drawing attention to distortions of the money market. It believes, for example, that pension funds and other institutions may have large sums on deposit waiting to be invested. This would increase the money supply, but is probably not inflationary.

Similarly a shift of savings from building societies to banks might have pushed up the sterling M3 figure without making much difference in the real world; some companies may have increased borrowing to take advantage of last year's higher investment allowances, while other companies put their high profits into the bank waiting for a chance to invest.

The Treasury is cautious about these "excuses" for sterling M3. Nevertheless they

tend to suggest that things may be much less bad than they look, especially as cash (M0) has been growing quite sedately. So should not the authorities be focussing more on the lower trend of U.S. interest rates, and sterling's strong performance this spring, particularly against the D-Mark?

This seems to have been the City's presumption. Although few people expected an early or a large cut in interest rates, long-term gilt edged stocks underlined the view that rates were still on their way down.

But on Wednesday, Mr Tony Coleby, assistant director at the Bank, left a committee of MPs in no doubt that the Bank of England takes a pretty gloomy view of "monetary conditions." He said there was no convincing evidence that they were back under control after the debacle of mid-January. That was when the Chancellor had to stamp on the brakes, pushing interest rates up 44 per cent to 14 per cent—an unprecedented high level in real terms.

Mr Coleby, perhaps emboldened by the prospect of a two-week holiday starting today, then twisted the knife a little. He suggested that if the Treasury had been following a clearly understood exchange rate policy within the European Monetary System, interest rates

might not have needed to be so high for so long. Maybe he touched a sensitive nerve; for when Mr Lawson was challenged on this in the Commons the next day he said he "totally disagreed" with what Mr Coleby was represented as having said.

Officials rode in valiantly to explain that (after adjusting for textual discrepancies) there was only a difference of emphasis between the two. But the fact was that the Bank had pointed out a major conflict of principle underlying the Government's monetary strategy.

This arises from the truism that the Government cannot simultaneously operate targets for interest rates, the money supply and the exchange rate. It must choose one of the three if it is serious about hitting a target.

Something had to give, and it turned out to be interest rates which were raised in defence of sterling. But Mr Lawson let it be known in January that the general tightening of policy was intended to bring the money numbers down to about the middle of the target range, implying annual growth of about 7 per cent for sterling M3.

With interest rates at extraordinarily high levels, it seemed a safe bet that money growth would slow. But the opposite has happened, while the Bank, "more in sorrow than in anger," seems to be saying

"we told you so way back in 1980." But ironically, it is now the Bank which is emphasising the need to control the money supply and its parallel fears about the rapid growth of domestic credit.

It believes that whatever the supply targets, the markets do now take them quite seriously. With average earnings continuing to rise at 7½ per cent a year and the annual inflation rate close to 7 per cent and rising, it believes that the authorities cannot afford to show the slightest wavering in the fight against inflation.

This view would doubtless be echoed in the Treasury, but the Bank has, in addition, the job of selling enough Government stock to mop up excess money and so keep the money supply on target.

Recently it has been able to sell very little stock to British residents, mainly because prices have reflected the belief that a further cut in interest rates is not far away. Most buyers have been foreigners attracted by the relative high level of UK interest rates and recent rises in sterling.

If the Bank wants to get the momentum of funding moving again, particularly at times when it will have some large maturing issues to refund, it needs to give a clear signal to

the market that interest rates will stay at a high level for some time. But in this case, what will happen to mortgage rates, the real economy and to unemployment? That, of course, is the other side of the dilemma, especially as a high mortgage rate actually contributes to the Retail Prices Index, and therefore helps to hold up the inflation rate.

High interest rates would also have a clearly damaging effect on growth.

It is hard to estimate the effect on jobs, but it is clear that if anti-inflation policy required interest rates to be kept artificially high, the employment penalty could be measured in hundreds of thousands.

Already, there are murmurs, supported by the Bank of England, that sterling has become overvalued against the German D-Mark at around DM 3.90. However, the authorities have no control over a particular rate of exchange, particularly as the markets are at present dominated by uncertainty about the dollar.

Ministers must be hoping, even praying, that it will give sterling a boost by coming down further. That would ease their dilemma over interest rates, but while monetary growth remains so far off the court, the prospects for a cut must be very limited indeed.

are anticipating a tightening later in the year when growth has revived.

To call this a "bounce back" seems to be stretching a point. The bounce is out of the U.S. economy and the issue is whether it can continue to stumble along on two feet or whether the strong dollar and the huge trade deficit are destroying the momentum out of the economy faster than most economists think.

This may well be the case. If so perhaps the Fed will opt cautiously for another dose of monetary stimulation. But unless it is prepared to run the risk of worsening the existing economic imbalances, it may not be able to do much more to resist the contractionary pressures.

Stewart Fleming in Washington

U.S.—FEARS OF RECESSION FORCE THE FED TO CHANGE COURSE

MANY U.S. economists claim to have detected a fundamental shift in the monetary policy of the Federal Reserve, the U.S. central bank over the past few months.

"Monetary policy has changed significantly in the past six months both in terms of strategy and emphasis," says Dr Henry Kaufman, Chief Economist of Salomon Brothers in New York. "Current policy focuses much more on monetary inflation and much less on aggressive methods to combat inflation. This shift towards reflation reflects a strong desire by the Federal Reserve to avoid recession and to arrest even the potential of a growth recession."

The forces which have shaped this shift in Fed strategy and which led the central bank to lower its discount rate last week to 7½ per cent even though the narrow M1 money

aggregate has been expanding this year well above target, include: the fragility of the recovery in world economic activity now under way, its dependence on the U.S. expansion for its continuation, and the extraordinary nature of the threat to that expansion which has emerged in the U.S. in recent months.

"A tug of war between two deficits" is how Federal Reserve Board Governor Henry Wallach describes the pressures now shaping the performance of the U.S. economy.

On one side are the expansionary forces created by huge federal budget deficits; on the other the forces of contraction unleashed by a trade deficit which has already thrust one-quarter of the U.S. economy—the manufacturing sector—into the edge of recession.

In the middle is the Federal

Reserve, an institution which has for much of the past four years appeared to hold sway over the course of not just the American, but also the world economy. Today, however, the Fed is looking increasingly like just another boat tossed on a tempestuous sea.

Its captain, Fed chairman Mr Paul Volcker, can rail against the storms which have been unleashed upon his head. But apart from shifting the tiller a notch, as he did by cutting the discount rate to 7½ per cent last week, his capacity for fundamentally altering the environment in which he and his crew are operating, is severely limited.

Too much monetary laxity could throw the world's financial markets into new convulsions with investors dumping the dollar and perversely forcing interest rates to rise, thus driving the economy into a re-

cession. Too much monetary restraint would precipitate the recession.

A gradual easing in the value of the dollar which would open up a path of the maze is something monetary policy cannot seem to contrive.

Little wonder then that the Fed is not sticking too closely to the guidelines which seemed to rule monetary policy more strongly in the earlier stages of the current cyclical economic recovery.

With the market now taking into account the lower discount rate, interest rates have fallen to levels not seen for some time in the money markets. Treasury bond rates, which were nudging 14 per cent a year ago when Continental Illinois was in danger of extinction, and were still over 11½ per cent as this year opened, are down now to just under 11 per cent with the

prospect that fixed rate mortgages will move down soon from current levels of 13 per cent.

But will this inject new life into the economy? Only to a limited extent. Interest rates, both real and nominal, remain at very high levels. Monetary policy is too blunt an instrument to help a particular sector. With the dollar at current levels, increased demand for industrial products will still leak abroad even if monetary easing does stimulate demand.

Lower interest rates will help threatened financial institutions, particularly in the savings and loan industry. They may help to curb the strength of the dollar and they should give some stimulus to demand.

Many economists see growth reviving at least by the second half of the year and do not therefore anticipate more moves to ease monetary policy. Some, including Dr Kaufman,

are anticipating a tightening later in the year when growth has revived.

To call this a "bounce back" seems to be stretching a point. The bounce is out of the U.S. economy and the issue is whether it can continue to stumble along on two feet or whether the strong dollar and the huge trade deficit are destroying the momentum out of the economy faster than most economists think.

This may well be the case. If so perhaps the Fed will opt cautiously for another dose of monetary stimulation. But unless it is prepared to run the risk of worsening the existing economic imbalances, it may not be able to do much more to resist the contractionary pressures.

Stewart Fleming in Washington

Man in the News

Martin Jacomb

At the wheel of the new BZW

By Barry Riley



MARTIN JACOMB will be snatching a holiday before he takes up the reins at Barclays Bank as executive chairman of the investment banking arm Barclays de Zoete Wedd on July 1.

It will be a rare break for one of the City of London's busiest and most influential merchant bankers whose shift from Kleinwort Benson to Barclays this week caused a stir not just in the banking world but also in official circles where Mr Jacomb is regarded as a key figure in introducing the Government's proposed framework of investor protection. He is deputy chairman of the new Securities and Investments Board.

Martin Jacomb will therefore bear two enormous responsibilities. He will head up one of the biggest British-owned securities groups in London's new-style financial markets. And he will be a key regulator guiding the City of London through a maze of conflicts of interest and challenges to existing standards of disclosure and commercial ethics.

Though little-known to the public, Martin Jacomb has come to seem an omnipresent figure in the most powerful panelled committee rooms of the City of London. He has figured prominently on bodies like the Council for the Securities Industry, the Takeover Panel and the City Capital Markets Committee.

An indication of his standing in the eyes of the Bank of England was given by his selection last summer to act as chairman of the Governor's Advisory Group, the panel of elite City advisers who gave private advice to Mr Robin Leigh-Pemberton on reforming the regulatory structure of the financial markets.

The Bank would dearly have liked to appoint him as chairman of the SIB (a post that subsequently went to Sir Kenneth Berghill). But Mr Jacomb resisted heavy pressure and would only take on the part-time deputy's position. These were the terms which he could not "ace the leap

top SIB job would have brought. "He is not a public figure. He is a genuinely shy and modest person," says a member of the Governor's Advisory Group. But behind the scenes Mr Jacomb is an impressive performer and same informant adds that he was "absolutely superb" at knocking the team of assorted City VIPs into shape.

For a man with his present reputation at the age of 55 Mr Jacomb started surprisingly late in the Square Mile. After Eton and Oxford he spent a number of years as a tax barrister, and in fact doubled for a time as the FT's tax correspondent. Old FT hands remember him covering Budgets in the late

features editor. That connection remained: in 1981 Mr Lawson, then Energy minister, appointed him as a part-time member of the British Gas Corporation.

In his late 30s, Mr Jacomb joined Kleinwort Benson and held a variety of positions during his 17-year spell there, rising to become vice-chairman in 1976—ironically, at the time that a then vice-chairman, Sir Charles Ball, left to become chairman of Barclays Merchant Bank.

But in 1983, Mr Michael Haynes won the chairman's spot at Kleinwort and, being roughly the same age, Mr Jacomb's chances of further promotion were blocked. However, another

came his way at that time—he headed up the team which handled the British Telecom flotation.

For a time the softly-spoken, self-effacing banker appeared in the unlikely role of super share salesman, being extensively quoted in the Press on issues such as wider share ownership. He added: "The people who are at the top of Kleinwort are all 56 or 55 and this opens the way to the younger succession—which I think is a very good thing."

"Selecting him was not at all difficult," said Lord Camoys. Certainly friends and colleagues speak highly of Martin Jacomb's abilities. "Highly intelligent,"

he has gone for the big one—

are some of the observations, and he is also described as "an exceptionally nice person."

Mr David Scholey, who runs London's other big new grouping based on the merchant bank S. G. Warburg, pays generous tribute. He says the appointment is sad for Kleinwort but "brilliant" for BZW and also invaluable for London as a whole. "The powerful group will have somebody that can bond them together," he says.

Some wonder, however, whether he is too pragmatically inclined to be a successful innovator in a City of London where the dramatic changes taking place almost everywhere will require imagination and vision. Certainly his powers of leadership will be tested to the full at BZW.

Sir Charles Ball lasted only 14 months at Barclays Merchant Bank before resigning in 1977 on the grounds that he was being forced to toe the clearing bank's line in too many areas, so that the merchant bank could not be developed properly.

This week it was being pointed out that the parent bank's commitment to BZW is much greater than it ever was to the fledgling Barclays Merchant Bank in the 1970s. For his own part, Mr Jacomb has taken care to have himself installed as one of Barclays' three deputy chairmen—a seniority that Sir Charles never enjoyed.

Within the City of London, many are sceptical of the ability of big groups like Barclays to build up major investment banking operations without encountering enormous problems. Stories of defections from firms like Wedd Durlacher are two-a-penny around the bars off Throgmorton Street.

Martin Jacomb will bear much of the responsibility for making it all work. His summing up of prospects this week was characteristically low-key. "The whole operation will be significant in itself as a powerful investment bank and it will also, I think, be of increasing importance within the clearing



Usher-Walker Printing inks and rollers

Extracts from the Review by the Chairman, Mr. S. C. Biggs

- * Group turnover and profit again increased for 1984, although the increased cost of raw materials mentioned in my Interim Report affected margins in the second half of the year.
- * We have acquired premises adjacent to our factory at Heywood, Lancs., and are near to completing the purchase of a factory building alongside our Kirkintilloch premises. This extra space will be used to expand our manufacturing capacity in the North and Scotland.
- * In spite of difficult trading conditions we have been able to obtain price increases from the majority of our customers but the benefit of these will not really be seen until the second half of 1985.

	1984 £	1983 £
Group Turnover	10,152,700	9,237,500
Trading Profit	784,286	698,057
Profit after Tax	396,382	371,819
Earnings per Share	18.46p	17.31p
Ordinary Dividend per Share (net)	6.60p	5.50p

Good practice for Lloyd's

Good practice for Lloyd's... The Lloyd's market is a unique and important part of the UK insurance industry. It is a place where risk is pooled and where the interests of policyholders are protected. The Lloyd's market is a place where the interests of policyholders are protected.

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Brammer's first move to stop Bunzl

BY ALEXANDER NICOLL

Brammer, the bearings distributor group fighting a £116m bid from paper distributors Bunzl, yesterday secured the agreement of Energy Services & Electronics, the electronic equipment rental and sales concern, to an increased £44m offer.

The agreement is Brammer's first move in its defence against Bunzl, which has made its bid conditional on Brammer dropping the ESE offer. To be successful, the new bid for ESE needs not only the acceptance of ESE shareholders, but also the approval of Brammer shareholders at an extraordinary general meeting in several weeks time.

The stage is thus set for heavy lobbying by Brammer shareholders by Bunzl and Brammer itself—reinforced by ESE's management, ahead of the EGM.

Brammer put in its initial £40m bid for ESE last week, shortly after the target had escaped a bid from Peak Holdings. Until yesterday, ESE had expressed no view on Brammer's offer. Under the new agreement, Mr Frederick Rollason and Mr Patrick Ross, ESE chairman and managing director respectively, would join Brammer's board.

Mr John Head, Brammer's chairman, said yesterday that

its business was very similar to ESE's in that "we both respond very quickly to urgent market requirements." Bunzl's distribution businesses, he said, required less urgency and technical know-how.

Mr Robert Ffoulkes-Jones, Brammer's managing director, said Brammer's acquisition of ESE would not make it too highly geared, as Bunzl has alleged. Brammer has virtually no net debt, ESE's gearing is falling, and both businesses are extremely cash positive, he said. ESE is proceeding with plans to find a buyer for its main problem subsidiary, Neve Audio.

Terms of the new bid are three Brammer shares for eight ESE, with ESE shareholders no longer getting a final 1p dividend for 1984. The terms are about a 6 per cent advance on the previous 35 for 100 share exchange offer. There is no cash alternative.

Brammer's shares yesterday fell 20p to 358p. But at a 313p Brammer price before the Bunzl bid, the new share offer values ESE shares at 117p, compared with yesterday's close of 120p, up 7p. Bunzl shares fell 8p to 455p. Brammer holds 14.9 per cent of ESE and commands a further 2.1 per cent.

Blue Circle placing surprises the City

By Charles Batchelor

Blue Circle Industries, Britain's biggest cement-maker, has funded just over half of the £145m (£115m) purchase of Atlantic Cement, a U.S. company, via a share placing.

This decision took the stock market by surprise yesterday following earlier indications that the deal would be financed by internal resources or borrowings rather than a rights issue. The company's shares fell 17p to 533p.

"This is very disappointing," commented one analyst. "This will result in some dilution of their earnings per share in 1985. They should have been prepared to run the gearing at a higher level for a while."

Goare Govett, Blue Circle's stockbrokers, placed 11.5% shares in the market without any difficulty at 525p yesterday morning. The balance of \$70m is payable in cash.

Combined Tech. losses reach £12m

Losses deepened to just under £12m pre-tax, against £11.3m, at Combined Tech. Corporation in the year to October 31, 1984-85 and the company says that negotiations are in hand to secure the future of three of its subsidiaries, Mimos, Plasmom and Laser-store.

Research and development costs and a loss at Mimos were primarily responsible for the results, which the directors say cannot continue indefinitely. They add that relationships with industrial and financial interests will be necessary for the potential of the new product companies to be realised.

W. H. Smith denial

W. H. Smith, the newsagent, yesterday issued a statement denying a rumour that it had received a takeover approach. It said there was no truth whatsoever in recent market rumours of an approach from Arthur Guinness; nor in rumours that Brite Aid (of the U.S.) had acquired a large stake in the company. Smith shares closed at 246p, down 10p on the day.

Burmah Oil meeting

Mr J. M. Maltby, chairman of Burmah Oil, told yesterday's AGM that the board had considered last month's approach from Heron Corporation but believed stockholders' interests would best be served through a continued strategy concentrating resources on core activities of oil exploration, control and speciality chemicals together with LNG operations.

The aim of this strategy, he said, was to bring through to stockholders, in terms of increased earnings, dividends and share prices, the full value of these businesses. He added that progress made in this respect in 1984 had continued into 1985 and further action was in hand. The board therefore could not see "any benefit in an amalgamation with Heron."

Wellman over limit

WELLMAN, the troubled furnace group, has breached the borrowing powers granted under its articles of association.

At the end of last month, borrowings were £9.1m, almost £2m above the limit. Wellman blamed losses in 1984-85, lack of settlement on a Middle East contract, on which £1.5m is outstanding, and the failure to conclude any planned major disposals.

The directors will propose raising the borrowing limit from £7.1m to £16.73m, from 1½ to 3½ times share capital, at an extraordinary general meeting on June 12.

Trafalgar extends bid

Trafalgar House has extended its £37.2m takeover bid for Haden, the engineering company, until June 11 while it decides whether or not to revise its offer following Haden's rival £55.8m management buy-out bid.

Dares suspended

Shares in Dares Estates were temporarily suspended yesterday following a fall in the share price to 13p. A statement said that speculation about the company had been created by the delayed announcement of the 1984 results, caused principally by problems in establishing the current value of loan notes due to Dares from the sale of Dares Realty, its U.S. subsidiary.

It is anticipated that the detailed results will be announced within the next two weeks, at which stage the listing is expected to be restored. The directors say they then expect an "orderly market" in the company's shares to be re-established.

Greenfield 'gets rid of trash' as problems mount

BY TERRY POVEY

Greenfield Blacks, the camping and leisure group produced from last year's merger of Greenfields Leisure and Blacks Camping and Leisure, incurred a trading loss of £23.2m for the 16 months to March 2, 1985. In the year to October 31 last the group reported a profit of £491,000.

Mr Murdoch Morrison, chairman, said that the new board was "confronted with serious trading, administrative and cash flow problems" following the merger. The "absence of reliable management accounting information disguised the full extent of Greenfield's problems."

As a result, the new company has decided to dispose of many of the Greenfield outlets—only 13 out of the initial 66 are to be kept. Of those up for disposal 19 have already been sold, 15 are under offer and the rest are on the market. "Despite strenuous efforts, sixteen of the worst loss makers were unsold at the end of April," according to Mr Morrison.

The turnover of the merged group totalled £22.5m for the sixteen months (against £19.23m in the year to October 31). Interest paid was £371,000 (£270,000) and depreciation £581,000 (£510,000). The surplus

from the sale of property was £2.72m (£696,000) which produced a loss on ordinary activities of £21.6m (loss £153,000). Rationalisation costs knocked a further £1.34m off this to produce pre-tax losses of £3.51m (loss of £153,000).

Tax was £217,000 (£138,000) and extraordinary losses £250,000 (nil) due to the need to revalue downwards stock previously held by Greenfield. After tax and extraordinary losses the group lost totalled £3.97m (loss of £15,000) or 29.9p loss a share (loss of 0.98p). No final dividend is being paid although an interim payout cost the company £116,000 (£169,000).

Mr Morrison said that the group's policy was to "get rid of all the trash in one go and that a great sense of relief existed over the rate of disposal." Blacks more than achieved its £350,000 profit forecast made at the time of the merger, he said, but the costs of keeping open unwanted stores had been a major burden.

Mr Swraj Paul's Caparo Properties holds a 10 per cent stake in the merged group. The shares closed down 16p at 30p.

comment

The reverse takeover of Greenfield by Blacks has proved anything but a reassuring business in fact the future of the quality tent and sports goods company is now on the line and dependent on investors' attitudes to a fund raising announcement expected in a couple of weeks. The most likely alternative has to be preferred stock—surely a straight-forward rights issue would not be greeted very warmly given the extent of the problems still to be overcome. Sales of Greenfield stores will certainly continue although until trading costs are cut much of this will be just pouring good money after bad. The future of the Greenfield name—to which little loyalty can be expected from a management as bruised and battered as that of the new company—must also be unsure. For the coming year, to end February 1986, group turnover is forecast to settle at £16m to £17m but profits are, say the analysts, anybody's guess given the running losses still being incurred. Blacks remains a well run business, only time will tell if it can survive embracing Greenfield.

Burns-Anderson U.S. funding

Burns-Anderson, which has interests in the supply of steel reinforcements, shopping and financial services, is raising £2.1m via a private placing of ordinary shares and convertible loan stock.

For the six months to March the company has announced pre-tax profits of 31 per cent higher at £369,000.

The funds are being raised in the U.S. and the new investors will be the Johnston Group, a subsidiary of Johnston Industries Inc., and Mr Paul Johnston, the company's chairman.

The Johnston Group will take up 75 per cent of the shares held by the loan stock and Mr Johnston will subscribe for the remainder.

Mr Johnston, whose company is a textile manufacturer, has been for some time looking for an opportunity to make a long-term investment in the U.K. He has no plans to buy any more shares in the company nor to make a takeover bid. His minority holding will give him the right to appoint two non-executive directors to the board.

The funds, which will initially be used to reduce bank borrowing, are being raised to expand the financial services divisions, both Burns-Anderson Trust Co. and Burns-Anderson Finance, the personal finance and hire purchase company. The group also intends to expand into other

areas of financial services and has plans to set up a trade finance subsidiary.

Turnover in the first half increased by 26 per cent to £16.5m, against a tax charge of £133,000 (£86,000) earnings per share rose 12 per cent to 1.9p. The interim dividend is 1.25p (0.7p).

The company declines to give any divisional breakdowns, but says that sales and profits rose, in each of its divisions, and expresses confidence about the outcome for the year. The results contain an extraordinary credit of £124,000 relating to the sale of a property in Liverpool. The shares closed the day up 1p at 99p.

Midland-Crocker merger terms agreed

BY MARGARET HUGHES

Crocker National announced yesterday in San Francisco that its merger into Midland Bank had been completed. This followed approval by the shareholders of both companies and the settlement of shareholder litigation.

Midland is spending \$244m (£194m) in acquiring the 43 per cent, which it does not already own, of its troubled West Coast subsidiary, which last year made one of the largest full-year deficits reported by a U.S. financial institution at \$24.4m. This brings Midland's investment in Crocker to more than \$1bn.

Midland Bank shareholders voted at an extraordinary meeting on Thursday. The total vote in favour, including proxy votes, amounted to a little less than 72m, with fewer than 700,000 votes against. At the Crocker meeting earlier this week more than 17m, or 98.06 per cent of the votes, were in favour, with 242,652 against and 97,000 abstentions.

The litigation brought by some Crocker shareholders in the Delaware courts, which had delayed the merger, has been settled. Crocker has agreed to pay \$1.75m in compensation and a similar amount in legal fees.

Under the merger terms each share of Crocker common stock will be exchanged for 0.54 shares of a new preference share which will carry an annual dividend of 11.5 per cent.

The 5.3m publicly-held common shares will be exchanged for about 4.5m of the new preferred stock with fractional shares outstanding after the exchange being paid in cash.

Crocker said that the terms have been set so that the stock traded at about its stated value of \$50 per share, equivalent to \$27 per common share. Its existing \$2.1875 preferred stock and 5.76 per cent debentures will continue to be traded on the New York Stock Exchange, while its \$3.0 preferred stock will continue trading on the over-the-counter market. All these securities, which were formerly convertible into Crocker common stock, will now be convertible into the new preferred shares.

The merger document sent to Crocker shareholders, puts the cost of the new management team engaged to turn round Crocker at \$3.5m. It also details the severance settlement for the former chairman, Mr John Place. We will receive \$10,000 a month for life starting from January 1 this year, medical insurance for both him and his wife until he is 65, though he has to continue to pay his share of the cost, and life insurance of \$354,135. Mr Place is also being provided with office space, secretarial assistance, and use of the bank's chauffeurs and limousines. Crocker will also meet the costs of his income tax return for 1984 when he earned \$400,000.

LMI forecasts near £8m

London and Midland Industrials (LMI) yesterday extended its contested £44m takeover offer for Allied Textile Companies until June 14 and estimated that its pre-tax profits in the year to end-March were not less than £7.7m, up from £5m in 1983-84.

By yesterday afternoon, the second closing date of its offer, LMI had received acceptances from the holders of only 0.113 per cent of ATC shares.

A major new element was injected into the battle last week when ATC announced plans to buy the unquoted Mayfield textile company in a deal it said was conditional on the LMI bid lapsing.

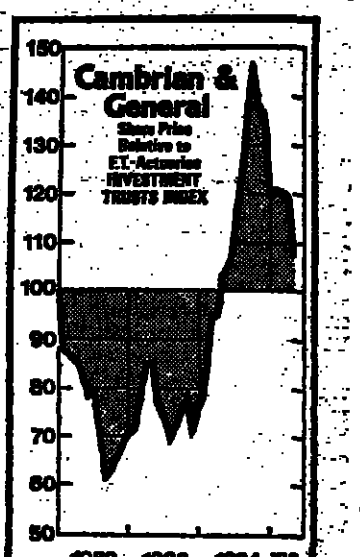
LMI said yesterday that it was clear from reading the ATC circular on the matter that the principal vendors of Mayfield could waive this condition, allowing the acquisition to proceed before the outcome of LMI's offer was decided.

LMI believed that the mechanics for Mayfield's acquisition, whether by accident or design, might have the effect of frustrating the LMI offer.

LMI therefore intended to request an adjournment of the extraordinary general meeting, convened for June 6, and to requisition a meeting of ATC shareholders after June 14—the date of LMI's offer—to consider the Mayfield issue.

Cambrian and General net assets rise 30p

COSTS of £2.5m in connection with the Cambrian & General investment trust's recent guaranteed bonds and floating notes issues, have reduced the net asset value per ordinary share by 3.88p to 120.97p, for the half year ended March 31 1985, although this is still 28.8p higher than a year previously.



Net asset value per capital share expanded from 103.25p to 152.04p despite a 54p reduction from the write off.

After tax of £35,281 (£31,262) for the six months, revenue was £125,907, against £103,655, equal to 0.271p (50.311p) per share. The interim dividend is maintained at 0.25p on capital increased by last year's rights issue—last year's final payment was 0.75p.

Including deposits, a valuation of investments, as at March 31 1985, totalled £130.6m (£76.6m).

Sangers record profit

Sangers Photographics saw taxable profits rise by more than 10 per cent to a record £718,000 for the year to the end of February 1985. Turnover rose by 11 per cent from £20.71m to £23m.

A final payment of 1.25p is being proposed, making the total 2p, which is 60 per cent higher than the forecast of 1.25p made at the time of the EGM in February last year.

Mr Richard Branson, the chairman, says that profits have benefited from close attention to productivity which has resulted in considerable cost reductions.

With a considerable decline in the market for video cameras, Intervision Video (Holdings) fell into the red in the 16 months to the end of November 1984, with losses of £223,000, compared with profits for the previous 12 months of £1.8m. Turnover fell by almost 50 per cent from £20.6m to £10.23m.

The final dividend is paid as was the interim. Last year there was a total payment of 1.25p. Intervision anticipates a small loss in the first half of the current year, but a return to profits in the full year. The accounts have been prepared on a going-concern basis which is dependent on the continuing support of the company's bankers and the generation of sufficient future revenue.

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United States	25.3%
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BMW looks to another good year for earnings

BY JOHN DAVIES IN MUNICH

BMW, the West German prestige car and motor-cycle maker, is confident it will have another good year, despite starting off with a severe setback in car sales in the domestic market.

Herr Eberhard von Kuenheim, the chief executive, said yesterday that sales abroad had been going ahead strongly, while domestic orders and new registrations had picked up substantially this month.

In spite of problems on its home terrain, the BMW group's world-wide sales revenue reached DM 6.6bn in the first four months of this year, up 11 per cent on a year ago.

Earnings had shown a "corresponding" increase, he said. He was sure that car production, deliveries to customers and sales revenue would all increase this year, which should be a "typical" BMW year on top of its record performance last year.

While the West German market as a whole has lagged, BMW's sales have been even more sharply, in contrast to Daimler-Benz, which has actually improved its performance.

BMW's new registrations in the first quarter were down a third on a year ago, although

the decline narrowed a little to 28 per cent in the first four months. Herr von Kuenheim said.

The drop was partly because BMW had lifted its sales a year ago, aided by new models. But there was also the "psychological" factor that BMW customers reacted very sensitively to the uncertainty over proposed anti-pollution controls.

Even so, BMW's car production reached 164,900 in the first four months of this year, the 2 per cent decline on a year ago being attributed to fewer working days.

Exports lift Sharp and Fujitsu

BY CARLA RAPOPORT

SHARP and Fujitsu, two of Japan's leading electronics companies, yesterday reported sharply improved parent company earnings for the year ended March, largely thanks to their strong exports.

Fujitsu, a major semiconductor and communications equipment manufacturer, boosted its pre-tax profits by 48.3 per cent to ¥171bn (\$457.7m) on sales up 30.3 per cent to ¥1,291bn. It predicts slower growth in the current year, however, because of heavy price competition in semiconductor and a slowdown in the U.S. economy.

The company added that its profits last year had been

boosted by a ¥4bn gain on foreign exchange. Exports jumped almost 36 per cent to ¥326bn, which is nearly a quarter of Fujitsu's overall sales. The company said that information processing equipment showed the best gains in the year, with sales up by 31 per cent to ¥918bn.

Net income went up by 41 per cent to ¥63bn, with earnings by share up to ¥48.7 from ¥40 in the previous year.

Sharp, a world-wide leader in the electric appliance and business machines sector, showed pre-tax profits up by 21.5 per cent to ¥63bn, on sales which

at ¥909.5bn increased by 30 per cent. Exports were up 30 per cent with sales of television, video cassette recorders, and domestic electrical appliances showing the best growth. Exports now account for almost 62 per cent of Sharp's sales.

Net income in the year was up 16.5 per cent to ¥34bn, while earnings per share rose to ¥48.29 from ¥41.17. For the current year, Sharp predicts a slow down to a 10 per cent increase in pre-tax profits and sales.

Sharp boosted its dividend to ¥11 from ¥10 while Fujitsu's payment was lifted to ¥9 from ¥7.75.

Marubeni registers 63% gain

BY OUR TOKYO STAFF

MARUBENI, one of Japan's largest trading companies, has registered a 63.5 per cent increase in pre-tax profits to ¥37bn (\$147.5m) on sales up 14.7 per cent to ¥13,568bn for the year ended March.

The company's fortunes, like the other trading houses in Japan, are geared primarily to the strength of the U.S. and domestic economies. In line with its fellow trading companies, Marubeni is expecting

little to no growth at the pre-tax level in the current year.

Its main trading strengths remained in the machinery, fuel and textile sectors last year. Net income rose 19.5 per cent to ¥8.2bn with earnings per share up to ¥9 compared to ¥4.12 in the previous year. Yesterday's figures were unconsolidated.

● C. Itoh & Co., another of the trading house leaders, showed a more modest 29.3 per cent gain in taxable earnings to ¥40.04bn,

on sales 8.4 per cent ahead at ¥714,077bn, adds our Financial staff. At the net level earnings averaged at ¥5.42bn or ¥8.29 a share compared with ¥3.41bn or ¥3.95 a share previously.

Nissho Iwai, another in the sector, achieved a 43.2 per cent pre-tax boost to ¥19.13bn, founded on sales up by 9.8 per cent to ¥5,562bn. Net earnings were lower, however, at ¥4.32bn or ¥7.80 a share, against ¥5.79bn or ¥11.72 per share.

MHI boosted by industrial machinery side

By Yoko Shibata in Tokyo

MITSUBISHI Heavy Industries (MHI), Japan's largest heavy machinery maker and shipbuilder, achieved pre-tax profits of ¥87.25bn (\$447.5m) for the year to March, a surge of 64.6 per cent from the previous ¥53bn.

Strong orders for industrial machinery, helped by active capital investment in the U.S. and Japan, provided a major boost. Net profits moved ahead 33.3 per cent to ¥35.94bn on turnover of ¥1,999.75bn, up by 4.8 per cent. Net profits per share were ¥14.04 against ¥10.06.

Total orders received in the first year to reach ¥2,105.5bn. Export sales climbed by 20 per cent, hit by a steep fall in chemical plant exports, which were down 82 per cent.

Earnings began to benefit from the effects of rationalisation in the shipbuilding sector through job cuts and the adoption of a building process using computer aided design and robots for welding and painting.

Strong advance by Nomura

By Our Financial Staff

NOMURA Securities, Japan's largest brokerage house, boosted consolidated net profits by a third to reach ¥35.05bn (\$219.1m) in the half-year to March.

The result — ¥22.85 a share against ¥24.66 — was founded on revenue 28.5 per cent ahead at ¥232.44bn. Pre-tax profits were ¥125.61bn, up 34.4 per cent.

On a parent company basis, pre-tax earnings had increased more strongly ahead — up 40.9 per cent at ¥105.28bn

TWA goes on the attack in response to Icahn bid

BY TERRY DODSWORTH IN NEW YORK

TRANS WORLD AIRLINES, the large U.S. transatlantic carrier, has responded to the takeover offer from Mr Carl Icahn, the Wall Street investor, with an aggressive counter attack in Washington and the courts.

The company has gone onto the offensive by asking the Department of Transportation to examine Mr Icahn's fitness to run an airline, asking the authorities to prevent any further approach by Mr Icahn until the investigation is completed.

At the same time, Mr C. E. Meyer, the airline's chairman, told a Senate commerce committee looking into takeovers that Mr Icahn was a "threat" to TWA, who would siphon money from it and over a period of time, liquidate it or "make it unable to compete."

In a further move against Mr Icahn, the company has filed suit in a court in St Louis, where TWA is headquartered, accusing him of "extortionate blackmail scheme."

This charge is apparently

designed to draw on the precedent set in the recent Delaware court ruling against Mr T. Boone Pickens in his abortive takeover bid for Unocal.

Mr Pickens largely lost that battle because the court decided that the company had a right to defend itself with unusually aggressive tactics against a raider whose record suggested that he might be looking for greenmail — the practice of forcing companies to pay a premium price to buy out a block of hostile shares.

The suit named a long list of companies from which, it claimed, Mr Icahn had accepted greenmail in the past.

Mr Icahn has shown that he is aware that he is open to this sort of attack in the way he was going about his \$18 a share bid for TWA, which values the company at \$600m.

In his offer, he insisted that he would not accept greenmail, that he would pay cash, and that all shareholders would receive identical treatment. He also promised to continue to operate the airline.

More price cuts by IBM

BY PAUL TAYLOR IN NEW YORK

INTERNATIONAL BUSINESS Machines (IBM), the world's largest computer maker, yesterday again slashed prices on several of its personal computer models, including its ill-fated PC Jr home computer which IBM has ceased making but fiercely maintains it has not abandoned.

The move, the latest in a series of sharp price reductions, appears aimed at re-positioning the company's personal computer product line and clearing stocks in preparation for an expected slew of new product announcements due shortly.

The reductions, which are effective immediately, sent

shares of other U.S. computer makers tumbling.

The latest reductions, which come just seven weeks after IBM cut prices on its personal computer line by between 4 and 12 per cent, affect the PC Jr and its colour display, and IBM's portable personal computer — a basic PC packaged in a sewing-machine-style transportable case.

IBM said it was reducing the price of a PC Jr with 128K of memory and a single 360K disk drive by 27 per cent to \$799 from \$999. In addition the PC Jr colour video display unit's price will be cut by 7 per cent to \$399.

Two charged over Carrian conspiracy

BY DAVID DODWELL IN HONG KONG

HONG KONG police yesterday arrested two local businessmen on charges of conspiracy to defraud in connection with Carrian Investments, the property and shipping group headed by Mr George Tan, who was put into liquidation in October 1983.

Public prosecutors in Hong Kong also revealed that they were seeking a bill to short-cut lengthy criminal proceedings against the two men. The would enable them to be tried alongside five others who were charged in connection with Carrian a year ago.

The collapse of Carrian — with debts estimated at more than HK\$100bn (\$13.3bn) — has allegedly been linked with a scandal of the highest level of the Malaysian Government. The company's main creditor was the

Hong Kong subsidiary of Bank Bumiputra, Malaysia's biggest bank.

The two charged yesterday were Mr Rogerio Lam, and his brother Mr Steven Lam, both executives in Bylansson Associates. As with the other five men, the charges are linked with the alleged sale of new product announcements due shortly.

The two men have also been charged with making a public statement that they had sold Gammon House. They have been remanded on bail until June 21. Mr Rogerio Lam has been granted bail totalling HK\$600,000 and his brother Steven, HK\$450,000, in cash and securities. They have sur-

rendered their travel documents.

Mr George Tan, the former head of Carrian Investments, and four associates were committed for full trial just over a month ago after criminal proceedings that began in October last year. Also charged with conspiracy to defraud shareholders in Carrian are Mr Bentley Ho, a former director of Carrian, and Mr David Begg and Mr Anthony Lo, a partner and employee respectively of Price Waterhouse, the accountancy firm.

Separate charges of conspiracy to defraud are faced by Mr Richard Wallis, a solicitor in Decous, the leading Hong Kong law firm, and the two former Carrian executives.

Public prosecutors said yesterday that the full trial is likely to begin next January.

Lufthansa pays more after surge in income

By Rupert Cornwell in Cologne

LUFTHANSA, the West German state airline, yesterday unveiled a doubling of net profits last year to DM 162m (\$52.8m) and an increase in total dividend to DM 4.50 a share from DM 3.50 for 1983.

The profit, achieved in what Herr Heinz Ruhnau, Lufthansa's chief executive described as an "exceptional" 1984, compares with DM 63m the previous year. But he warned that earnings for 1985 were bound to be less, despite further rises of 5.6 and 0.4 per cent respectively in passenger and freight business over the first four months.

All in all, Lufthansa boosted total revenues to DM 16,370m in 1984 from DM 15,230m in 1983. Income from flight operations jumped to DM 8.5bn from DM 7.34bn, and profits in this area almost quintupled to DM 509m. Investments at almost DM 1.5bn were financed almost entirely from gross resources.

The figures underline the scope for partial privatisation of the airline — should the state decide to reduce its 80 per cent share in Lufthansa's DM 900m capital.

However, hostility from Herr Franz-Josef Strauss, the Bavarian leader, above all, seems to have pushed any such scheme into abeyance — at least for the time being. The Lufthansa board, itself understood to be cool to the idea, yesterday carefully avoided any comment on the controversy.

The airline, however, did confirm the purchase of a 10 per cent direct stake in the luxury Kompasski hotel chain, as well as a deal to acquire an interest in the Avis car hire company.

Herr Ruhnau underlined Lufthansa's abiding opposition to any sweeping deregulation, along U.S. lines, of the European air travel market. The company's target, he said, was a reform of the present structure of European air traffic, "but not its elimination."

Record profits for KLM

By Laura Raim in Amsterdam

KLM Royal Dutch Airlines nearly tripled its profit to a record Ft 290m (\$83.3m) in 1984-85 from Ft 103m in the previous year, despite a loss in the final quarter.

The surge in full-year earnings has prompted speculation that the national airline would declare a dividend for the first time in six years, with predictions ranging from Ft 1.60 to Ft 2 a share. KLM will announce whether it is resuming payment and give full details of the 1984-85 results on June 20.

The airline, which is 55 per cent owned by the Dutch Government, lost Ft 48.5m in the fourth quarter ended March 31, which historically is weak due to the winter season. Traffic growth, however, was strong.

In the third quarter, net income was boosted by the absence of a corporate tax liability. The standard corporate tax rate is a hefty 43 per cent.

which also often is depressed by the winter season, thereby virtually assuring record earnings.

Revenues climbed 12 per cent to Ft 5.6bn for 1984-85, from Ft 5bn in 1983-84. KLM previously announced that total traffic rose 10 per cent and that the load factor was 70 per cent last year.

Mr Sergio Orlandini, the head of KLM, has campaigned actively for higher profitability in order to resume dividend payments. The airline is run as a private enterprise and receives no operating subsidies from the Dutch Government.

TDB ahead at half-time

By Robert Gibbins in Montreal

TORONTO-DOMINION Bank, the first of the six major Canadian chartered banks to report for the April 30 quarter, posted a sizeable increase in earnings and assets.

Second quarter net profits were C\$107.4m (\$87.4m) or 76 cents a share, against C\$88.9m or 65 cents a share earlier. In the first six months of fiscal 1985 earnings were C\$208.6m or C\$1.45 a share against C\$174.3m or C\$1.23 a year earlier.

Interest income in the first six months was C\$32bn against C\$31.55m. Assets at April 30 were C\$48.6bn, up from C\$45.6bn a year earlier.

TDB said its second-quarter provision for loan losses rose to C\$126m from C\$86m, while actual loss experience was C\$144m, up from C\$131m a year earlier.

A reduction in non-accrual loans in Western Canada during the second quarter was partly offset by an increase in sovereign risk non-accrual loans, resulting in an overall decline of C\$120m in non-accrual loans.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Thin trading

The dollar finished below its best level but up from Thursday's low. The pound sterling was quiet trading yesterday. With both UK and U.S. centres closed on Monday, trading was confined to last minute book squaring. The dollar did touch a best level of DM 3.0890 against the DM but once again banked at the idea of pushing through DM 3.10. It closed at DM 3.0920 from DM 3.0750 and DM 3.0750 compared with DM 3.0750. Against the yen it eased to ¥251.05 from ¥251.50 but rose against the French franc to FF 4.9350 from FF 4.9420. On Bank of England figures, the dollar's index was 145.0 against 146.1.

Sterling finished slightly firmer overall. Its exchange rate

STERLING INDEX

	May 24	Previous	May 24	Previous
8.30 am	79.4	79.9	1.00 pm	79.0
9.00 am	79.4	79.9	2.00 pm	79.1
10.00 am	79.4	79.9	3.00 pm	79.0
11.00 am	79.4	79.9	4.00 pm	79.1
Noon	79.3	79.0		

POUND SPOT-FORWARD AGAINST POUND

May 24	Day's spread	Close	One month	% Three months	% Six months
U.S.	1.2540-1.2710	1.2595-1.2605	0.51-0.48c pm	4.71-1.42-1.38pm	4.44
Canada	1.7260-1.7410	1.7320-1.7330	0.44-0.36c pm	2.74-1.24-1.13pm	2.77
Norway	4.27-4.40	4.38-4.29	0.12-0.10c pm	0.12-0.10c pm	0.12
Denmark	76.76-78.54	76.76-78.54	27-22c pm	3.75-1.71-1.62pm	3.10
Belgium	13.81-14.00	13.81-14.00	47-35c pm	3.75-1.71-1.62pm	3.10
France	12.07-12.12	12.07-12.12	14-10c pm	0.12-0.10c pm	0.12
W. Ger.	3.85-3.90	3.85-3.90	21-25c pm	0.64-0.54c pm	0.75
Portugal	219-220	219-220	165-155c pm	-19.65-22-122c	14.03
Spain	172-173	172-173	6-5m-25c pm	-0.55-20-60c	-0.91
Italy	2470-2482	2470-2482	1-10c pm	-1.20-5-10c	-1.04
Norway	11.15-11.25	11.15-11.25	1-10c pm	0.12-0.10c pm	0.12
France	11.00-11.12	11.00-11.12	6-5m-25c pm	-0.55-20-60c	-0.91
Sweden	11.22-11.30	11.22-11.25	2.5-10c pm	-3.54-9-10c	-3.20
Japan	21.85-21.85	21.85-21.85	1-10c pm	0.61-4.97-4.84pm	6.20
Switzerland	22.30-22.30	22.30-22.30	1-10c pm	0.61-4.97-4.84pm	6.20
Austria	3.25-3.25	3.25-3.25	2-10c pm	7.32-85-10c	7.09

£ IN NEW YORK

May 24	Prev. close
Spot \$1.2500-1.2610/\$1.2575-1.2600	
1 month \$1.2510-1.2610/\$1.2575-1.2600	
3 months \$1.2510-1.2610/\$1.2575-1.2600	
6 months \$1.2510-1.2610/\$1.2575-1.2600	

DOLLAR SPOT-FORWARD AGAINST DOLLAR

May 24	Day's spread	Close	One month	% Three months	% Six months
UK	1.2540-1.2710	1.2595-1.2605	0.51-0.48c pm	4.71-1.42-1.38pm	4.44
Ireland	1.0090-1.0185	1.0100-1.0112	0.42-0.32c pm	4.27-1.15-0.85pm	3.54
Norway	3.70-3.75	3.70-3.75	0.12-0.10c pm	0.12-0.10c pm	0.12
Norway	3.70-3.75	3.70-3.75	0.12-0.10c pm	0.12-0.10c pm	0.12
Denmark	3.85-3.90	3.85-3.90	21-25c pm	0.64-0.54c pm	0.75
Belgium	13.81-14.00	13.81-14.00	47-35c pm	3.75-1.71-1.62pm	3.10
France	12.07-12.12	12.07-12.12	14-10c pm	0.12-0.10c pm	0.12
W. Ger.	3.85-3.90	3.85-3.90	21-25c pm	0.64-0.54c pm	0.75
Portugal	219-220	219-220	165-155c pm	-19.65-22-122c	14.03
Spain	172-173	172-173	6-5m-25c pm	-0.55-20-60c	-0.91
Italy	2470-2482	2470-2482	1-10c pm	-1.20-5-10c	-1.04
Norway	11.15-11.25	11.15-11.25	1-10c pm	0.12-0.10c pm	0.12
France	11.00-11.12	11.00-11.12	6-5m-25c pm	-0.55-20-60c	-0.91
Sweden	11.22-11.30	11.22-11.25	2.5-10c pm	-3.54-9-10c	-3.20
Japan	21.85-21.85	21.85-21.85	1-10c pm	0.61-4.97-4.84pm	6.20
Switzerland	22.30-22.30	22.30-22.30	1-10c pm	0.61-4.97-4.84pm	6.20
Austria	3.25-3.25	3.25-3.25	2-10c pm	7.32-85-10c	7.09

UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 65.00-62.50.

OTHER CURRENCIES

May 24	Day's spread	Close	One month	% Three months	% Six months
Argentina	595.91-605.77	595.91-605.77			
Australia	1.4000-1.4076	1.4000-1.4076			
Brazil	6.700-6.730	6.700-6.730			
Canada	1.2540-1.2710	1.2595-1.2605			
Denmark	3.85-3.90	3.85-3.90			
France	12.07-12.12	12.07-12.12			
Germany	3.85-3.90	3.85-3.90			
Italy	2470-2482	2470-2482			
Japan	21.85-21.85	21.85-21.85			
Norway	3.70-3.75	3.70-3.75			
Portugal	219-220	219-220			
Spain	172-173	172-173			
Sweden	11.22-11.30	11.22-11.25			
Switzerland	22.30-22.30	22.30-22.30			
U.S.	1.2540-1.2710	1.2595-1.2605			

EXCHANGE CROSS RATES

May 24	Day's spread	Close	One month	% Three months	% Six months
Round Sterling	1.794	1.794	1.794	1.794	1.794
U.S. Dollar	1.2540-1.2710	1.2595-1.2605	0.51-0.48c pm	4.71-1.42-1.38pm	4.44
Deutsche Mark	0.257	0.257	0.257	0.257	0.257
Japanese Yen 1,000	2.166	2.166	2.166	2.166	2.166
French Franc 100	0.495	0.495	0.495	0.495	0.495
Italian Lira 1,000	0.403	0.403	0.403	0.403	0.403
Canadian Dollar	0.679	0.679	0.679	0.679	0.679
Belgian Franc 100	1.277	1.277	1.277	1.277	1.277

MONEY MARKETS

Little change

Interest rates were hardly changed in London yesterday ahead of the long weekend. Sterling's overall strength removed any concern about currency markets while any desire to push rates lower was effectively stopped by money supply and inflation worries. Three-month interbank money finished at 12 1/2-13 1/2 pc unchanged from Thursday while three-month eligible bank bills were bid at 12 1/2-13 1/2 pc compared with 11 1/2 pc. Weekend interbank money opened at 12 1/2-13 1/2 pc and eased to 9 pc before late demand pushed it up to 13 pc.

The Bank of England forecast

UK clearing banks base lending rate 12 1/2-13 1/2 pc since April 19

A shortage of around £500m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £540m and the unwinding of previous sale and repurchase agreements a further £100m. In addition banks brought forward balances £50m below target and there was a rise in the note circulation of £250m. These were partly offset by Exchequer transactions which added £300m.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £55m and comprised purchases of £4m of eligible bank bills in band 1 (up to 14 days) at 12 1/2 per cent,

and £25m of eligible bank bills at 12 1/2 per cent.

In the afternoon the Bank revised the forecast to a shortage of around £300m before taking into account the earlier help and gave additional assistance of £50m.

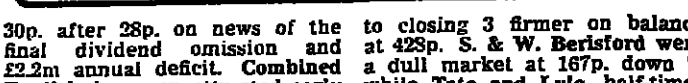
The afternoon also comprised purchases of £3m of local authority bills and £18m of eligible bank bills in band 1 at 12 1/2 per cent, £50m in band 2 at 12 1/2 per cent, £50m in band 3 at 12 1/2 per cent, £50m in band 4 at 12 1/2 per cent, £50m in band 5 at 12 1/2 per cent, £50m in band 6 at 12 1/2 per cent, £50m in band 7 at 12 1/2 per cent, £50m in band 8 at 12 1/2 per cent, £50m in band 9 at 12 1/2 per cent, £50m in band 10 at 12 1/2 per cent, £50m in band 11 at 12 1/2 per cent, £50m in band 12 at 12 1/2 per cent, £50m in band 13 at 12 1/2 per cent, £50m in band 14 at 12 1/2 per cent, £50m in band 15 at 12 1/2 per cent, £50m in band 16 at 12 1/2 per cent, £50m in band 17 at 12 1/2 per cent, £50m in band 18 at 12 1/2 per cent, £50m in band 19 at 12 1/2 per cent, £50m in band 20 at 12 1/2 per cent, £50m in band 21 at 12 1/2 per cent, £50m in band 22 at 12 1/2 per cent, £50m in band 23 at 12 1/2 per cent, £50m in band 24 at 12 1/2 per cent, £50m in band 25 at 12 1/2 per cent, £50m in 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£50m in band 54 at 12 1/2 per cent, £50m in band 55 at 12 1/2 per cent, £50m in band 56 at 12 1/2 per cent, £50m in band 57 at 12 1/2 per cent, £50m in band 58 at 12 1/2 per cent, £50m in band 59 at 12 1/2 per cent, £50m in band 60 at 12 1/2 per cent, £50m in band 61 at 12 1/2 per cent, £50m in band 62 at 12 1/2 per cent, £50m in band 63 at 12 1/2 per cent, £50m in band 64 at 12 1/2 per cent, £50m in band 65 at 12 1/2 per cent, £50m in band 66 at 12 1/2 per cent, £50m in band 67 at 12 1/2 per cent, £50m in band 68 at 12 1/2 per cent, £50m in band 69 at 12 1/2 per cent, £50m in band 70 at 12 1/2 per cent, £50m in band 71 at 12 1/2 per cent, £50m in band 72 at 12 1/2 per cent, £50m in band 73 at 12 1/2 per cent, £50m in band 74 at 12 1/2 per cent, £50m in band 75 at 12 1/2 per cent, £50m in band 76 at 12 1/2 per cent, £50m in band 77 at 12 1/2 per cent, £50m in band 78 at 12 1/2 per cent, £50m in band 79 at 12 1/2 per cent, £50m in band 80 at 12 1/2 per cent, £50m in band 81 at 12 1/2 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Oil price rumours cause nervous pre-holiday trading session in equity

Percentage changes since December 31, 1984, based on
Thursday, May 23, 1985.

Breweries plotted an irregular course in moderate trading. Allied Lyons softened a penny to 194p, after 192p, ahead of Tuesday's preliminary statement,

246p, after 242p, following the statement that it had not received any approaches. John Menzies fell 12 to 290p, while Greenfield Blacks dived 16 to



The majority of leading Food issues lost ground, but Rowntree Mackintosh resisted the trend as takeover speculation revived and touched 433p prior

revised offer from Brammer, which fell 20 to 35Sp; earlier in the week, Brammer received a hostile bid from Bunzl conditional upon Brammer's share-

results and led 3 to 143p, after 144p. Elsewhere in Textiles, John Foster edged forward 2 to 80p following an investment recommendation.

Another decline overnight by Sydney and Melbourne eroded confidence in Australians, which posted widespread minor losses for the fourth day running. Golds were particularly vulnerable and showed Gold Mines of Kalgoorlie

90.705	230	6/6	30%	291	Malay
—	F.P.	—	100	292	Nation
—	F.P.	6/6	99	92	Puerto
—	F.P.	6/6	108	105	Quebec
—	NH	19/7	6pm	4pm	Russia
—	F.P.	14/6	114	105	Santa
49.850	230	12/7	36%	30	Spain
TT	F.A.	—	138	122	Willis
TT	F.P.	—	116	103	

alia 10% L'n. 2008	304
wideBldg.Soc. 132 125/136	100
tion Trst 7% cny. Uta. L'n. 2008	82
s Mount 7% Cny. Prt.	107
1(A). 5.7% Cum. Cny. Rpt. Prt.	40m
1 6.3% Cum. Red. Prt.	108
Kingdom of 114% L'n 2010	343m
ns Hldgs 5% Cum. Cny. Prt.	192
Do. 10% Cum. Prt.	115

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		Fri	Thur	Year	1985
FINANCIAL INSTITUTION	AVERAGE GROSS				

Renunciation date usually last day for dealing free of stamp duty. ^b Figure based on prospective estimates of dividend rate and stamp duty.

NEW HIGHS (54) PROPERTY (1)

MOTORS (1) **PAPER (2)** **BRIDGE OIL** **ONIS RESOURCES**
New Court Nat. Res. **Ranger Oil**
New London Oil **MINE (1)**

Yesterday	On the way
Five	On the way

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday:

Based on bargains recorded in SE Official List .

Based on bargains over the five-day period ending Thursday

...	51	316	= 4	F & O Bld. ...	69	373	+
...	78	378	+ 64	Gill & Duffus...	68	180	+

† Partly paid.

First	Last	Last	For	Call options were recorded in
				Clyde Petroleum, Inter-City

Could this
be YOU



Like you, she lived a full and rewarding life, caring for her family and her husband, yet always ready to extend a helping hand to others less fortunate.

She is just the kind of gentle, deserving person the DGAA tries especially to help. Help to stay in their own homes.

and to maintain our thirteen Homes. Please help.

THE DISTRESSED CHILDREN

Dept 7, Vicarage Gate House, Vicarage Gate,
London W8 4AQ. Tel: 01 229 9341

"HELP THEM GROW OLD WITH DIGNITY"

...the

... ..

... ..

... ..

Manufacturers Life Insurance Co (UK) Property Equity & Life Ass. Co.

The image shows a highly degraded, high-contrast scan of a document page. The text is extremely blurry and difficult to read, but some fragments are visible. At the top, there is a header that appears to say "UNITED STATES GOVERNMENT". Below this, there are several sections of text, some of which are bolded. One section is headed "GENERAL INFORMATION" and another "SPECIFIC INFORMATION". The text is organized into columns and rows, suggesting a table or a structured list. The bottom of the page contains a footer with the text "UNITED STATES GOVERNMENT" and "OFFICE OF THE SECRETARY OF DEFENSE".

INSURANCE, OVERSEAS & MONEY FUNDS

[illegible]

INSURANCE, OVERSEAS & MONEY

Advertisement Securities (C.I.) Ltd. (a)(v)(h)
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MINES—Continued

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Thatcher denies Tory 'jitters'

BY PETER RIDDELL, POLITICAL EDITOR

THE PRIME MINISTER yesterday denied Conservative MPs had "the jitters" and dismissed the recent decline in the party's opinion poll rating as the usual "mid-term rough passage."

In an Independent Radio News interview, Mrs Thatcher sought to calm Conservative nerves after an unsettled month as Parliament rose for its week long Whitsun recess.

For times she repeated that backbenchers "have not got the jitters," and said she was "nothing to be worried about."

"We most of us have been through a mid-term before," she said.

Significantly, Mrs Thatcher also tried to prepare the way

for the Government's next big test: the statement on the reform of Social Security due early next month. She argued that the Government had a duty to look at the future of the welfare state. "If you don't look at this you are promising things which you might not be able to deliver," she said.

This will be the main theme of a vigorous Whitehall propaganda exercise which the Government hopes will regain its political initiative.

Later in an interview on Channel Four's Week in Politics, Mr Neil Kinnock, the Labour leader, indicated that he would want to make big

changes at the top of Whitehall if he became Prime Minister.

He said: "There are one or two people who are currently economic advisers to the Government who have acknowledged that their services will not be required from the very moment that Mrs Thatcher concedes the election."

This was an apparent reference to Sir Terence Burns, the current chief economic adviser, and Mr Robin Leigh-Pemberton, Governor of the Bank of England.

Mr Kinnock criticised what he described as Mrs Thatcher's system of stuffing the top of the

civil service and massively increasing the Cabinet Office with assorted kinds of political favourites. "I think that is against the British tradition and the best system of the British Civil Service," the Labour leader said.

Mr Mervyn Rees, the former Labour Home Secretary, speaking in Hampshire last night, warned that the party had to win back supporters and do better in the south of England if it was to obtain an overall majority. He said this could not be done from London or on the backs of the Labour areas in the north, Wales and Scotland.

Australian brewer to aid Britvic sales drive

By Lisa Wood

ALLIED LYONS, the brewing, wine and food manufacturing group, is to enlist an Australian brewer in its drive to win a larger market share of the competitive soft drinks business.

Allied will give Castlemaine Tooheys, the Brisbane brewer, a 50 per cent interest in Britvic, its soft drinks division. In return it will receive an additional 4 per cent share in the brewer.

Britvic, which makes fruit juices and mixed drinks, has an estimated 25 per cent share of the fruit juice market in the UK. It has been less successful in the grocery business, where the trend is towards larger bottles and Tetra-packs.

Mr John Clemen, financial director of Allied Lyons, said: "Britvic is a successful business, but we are not making enormous profits. We have a very good base, but there is a need for development, and I think we can do it together."

Mr Clemen refused to comment on a statement in Australia by Mr Lloyd Zampatti, managing director of Castlemaine, that it was hoped the deal would lead to increased involvement in the European market.

The Australian brewer, which announced net profits of £302.02m (£38.97m) in the year to July 31 1984, has sought to expand its interests because of the static nature of the Australian beer market.

Last year it made an unsuccessful attempt to take over Nicholas KJW, the Australian Aspro-to-kwi shoe polish group. It failed to develop its soft drinks interests and took on two Coca Cola franchises, but with a relatively small domestic market has begun to look abroad.

In the City yesterday it was said that while Britvic was a relatively small part of Allied's wines and spirits division, the Australian brewer would be strongly motivated to work hard on development of the brand.

Allied Lyons, which already holds 20.9 per cent of Castlemaine, has recently introduced Castlemaine's XXXX lager into the UK beer market.

It has high hopes for the lager's success. Mr Clemen said: "We have long hoped to get closer to Castlemaine and build our businesses together."

Allied, through its Allied Breweries subsidiary, is Britain's second biggest brewer, though it has lost market share in the past decade. A key problem has been its range of lagers. There are indications, however, that the launch of Castlemaine, which is claimed to be Australia's best-selling lager, has been a success.

It was launched six months ago in the Central and Yorkshire Television areas, and brewed under licence, is understood to have won a 6 per cent market share with little substitution from the company's other lagers.

Agreement in principle has been reached on the deal, with the 50 per cent interest in Britvic priced at about £35m. The final price awaits completion of an independent valuation.

Castlemaine proposes to allot to Allied new shares which will take account of the proposed consideration. Applications have been made to the Australian Foreign Investment Board to enable Allied to increase its interest in Castlemaine to 24.9 per cent.

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But it should not be thought that Whitehall is not well aware of the need to cut telephone bills.

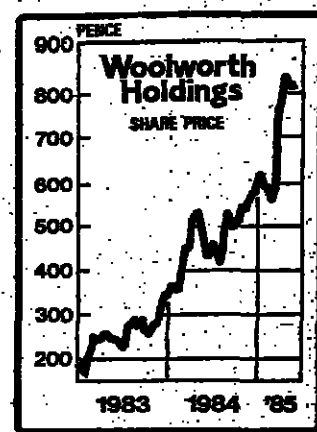
Most civil servants are issued with booklets listing "500 Ways to Save Money" on phone calls.

Nor is Whitehall prodigal with its messenger services. Messengers, usually sent home at 5 pm sharp, do not always enjoy the speed and excitement of motor bikes. In some departments they have bus passes.

THE LEX COLUMN

Woolies banks on conversion

Index fell 8.6 to 1001.6



As owners of one of the best High Street property portfolios in the country, Woolworth's shareholders might well wonder why they were asked to stump up a further £146m yesterday. After all, judicious property sales should be able to produce a capital profit to match Woolworth's planned capital expenditure. But last time around, the company burned its fingers when it sold £55m-worth of properties to Heron only to watch Mr Ronson make a fast buck developing them. This time, Woolworth wants to make its own development profits—which needs time.

Woolies' shares are closely held by institutions and yield only 2.7 per cent. The 51 per cent convertible should widen the share ownership by appealing to gross funds and other investors looking for income. And any dilution of the equity is deferred until 1988. Assuming all the stock is converted, Woolies' gearing will fall from over 50 per cent at the last balance sheet to a much more manageable 24 per cent and the lower coupon should in the meantime knock £3m to £4m off the rest of this year's interest bill.

Much of the money will be spent on new stores and refurbishment for the B & Q and Comet chains, while the rest could go on acquisitions. Capital expenditure of £80m to £90m is earmarked for this year, and 1986 should see even more. Given how much the rest of the High Street is spending, Woolworth presumably has no choice. And on B & Q, at least, it seems to have hit on a successful retailing formula. The only worry over the longer term is whether companies like Woolworth will have to spend this amount of money just to maintain their market share. But the market seemed unperturbed yesterday, with no trace of pique at what might have looked like a slightly opportunistic call for cash. At 81½p, the shares were rock steady.

Economists at Capel-Cure Myers suggest that bank lending is growing for structural reasons, alongside a growth in deposits. Both companies and individuals seem to have become more sophisticated financially and are quite happy to borrow with one hand while they save with another. While the Government is obviously reluctant to concede defeat and drop EM3 as a target, there does seem some argument for using an aggregate that incorporates a measure of net liquidity rather than one that merely adds up the overdrafts.

With sterling looking remarkably resilient at around £1.26 all week, observers might be forgiven for wondering why interest rates have not fallen. Last month's poor money supply figures, after all, might have seemed like an aberration caused by companies borrowing from banks to buy capital equipment before the end of the financial year. The market then

assumed that all would be redressed when the statistics for banking May are released a week on Tuesday.

Now analysts are not so sanguine. Estimates for May's EM3 growth have crept up, with many brokers going for a rise of 1 per cent, which will not bring the aggregate back into its target range. Again, the culprit is likely to be bank lending, expected to grow by around £20bn this year. If the Government is determined to keep EM3 growth on target, that would imply overfunding of at least £2bn this year—which will help neither interest rates nor the gilt edged market.

Money supply

Cambrian & General

The sport of fishing in troubled U.S. corporate waters is becoming less rewarding; or so it seems from the small drop over the last six months in the capital backing of Cambrian & General investment trust, managed by the Wall Street arbitrageur, Mr Ivan Boesky. A pension scheme is not of much use without a company.

The Revenue may have suspected that Gomme merely wanted to return to paying dividends (which it will do what ever the outcome of negotiations). But if a company ploughs back all its surplus into better pension benefits for its members, it may be creating an unsustainable floor when stock markets fall; salaries increase more quickly or the business and the workforce expand. A pension scheme is not of much use without a company.

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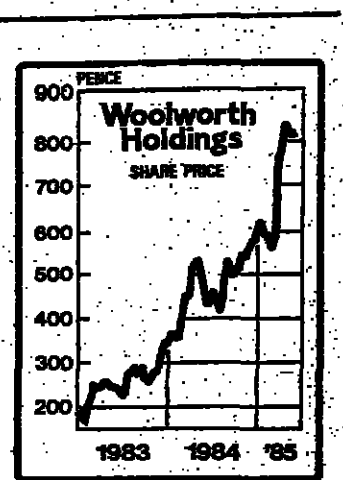
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is becoming more adept at repelling raiders and the swelling ranks of the arbitrage community have cramped the margins of pioneers such as Mr Boesky. What this week's decision from the Supreme Court of Delaware against Mr T. Boone Pickens means is unclear—but unlikely to favour the arbitrageurs.

Not that holders of Cambrian can complain at asset values that have grown at three times the market average in the past year. Indeed, Mr Boesky must have been rising quite early to contain the fall against the recent weakening U.S. dollar. The trust's turnover is less eye-catching for the Inland Revenue now that much of the business has been transferred to a Bermudian subsidiary. A 25 per cent discount to net asset value for the ordinary shares looks attractive even if the trust is prolonged beyond its five-year life—though in such a scarce market, an investment in Mr Boesky's skills is largely for the institutional Walter Mitty.

Pension schemes

The attempt by Gomme Holdings to release the actuarial surplus on its pension scheme for use in its business has been greeted with a truly Gaudian Note from the Inland Revenue. Whatever its skills at making G-Plan furniture—and these have not been particularly evident of late—Gomme cannot very confidently count on its pension scheme.

Gomme is a mere footnote to the pensions debate. But its bustling effort to reap some £2.9m from its actuarial surplus has pointed up what looks like a very grey area. In 1982, Commercial Union saw its pension liabilities increase in the form of lump sum payments when its UK staff was reduced. In contrast, the forced shrinkage of its U.S. workforce is likely to provide a badly needed surplus of \$50m for the business this year.

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France wins £337m Soviet steel order

By Patrick Cockburn in Moscow and Ian Rodger in London

THE SOVIET UNION has ordered Fr 4bn (£337m) worth of steel products from France in an apparent bid to ensure continued large French purchases of Soviet gas.

Last year, France's trade deficit with the Soviet Union reached Fr 5.2bn, mainly because of imports of Soviet gas. At bilateral meetings in Paris last month, the Soviet Union agreed to increase substantially its purchases of capital goods in France in return for a pledge that France would not reduce its substantial purchases of Soviet gas.

The contract, for 1.5m tonnes of steel products, has been awarded to Usinor, the state-owned producer. It was signed in Moscow yesterday by M Rene Loubert, Usinor's chairman, and consists mainly of 450,000 tonnes of 56-inch diameter pipe for gas pipelines and 500,000 tonnes of heavy plate for making into pipe.

It also includes hot and cold rolled sheet for the automotive industry.

Deliveries will begin next year and last for two years. Usinor, which has suffered big losses in recent years, including a 1984 operating loss of Fr 3.4bn, said payment would be in cash.

The contract is a first for Usinor, which only entered the large diameter welded pipe business in the past year, and has invested heavily in machinery to ensure that the quality of its pipe matches that of the leading Japanese and West German producers.

It is spending Fr 1bn on a new heavy plate mill at Dunkirk and has paid nearly Fr 100m to acquire the large welded pipe operations of two private-sector French producers, Valhureuc and St-Gobain, and install the machinery for making 56-inch pipe.

"We showed the Russians that we were willing to take risks, investing in this area," Usinor said.

Supplying pipe for the oil and gas industry is an increasingly demanding business. A year ago, the British Steel Corporation, which has not invested in new heavy plate and pipe making equipment, had an £18m pipe contract cancelled. The customer, Shell, said the quality of the pipe was unacceptable and shifted the order to a Japanese producer.

Over the past five years the Soviet Union has built five 56-inch pipelines to carry gas from West Siberia, which contains 40 per cent of the world's natural gas reserves, to Europe.

BAe planning all-British fighter in case European venture fails

By Michael Donne and Lynton McLain

BRITISH AEROSPACE is working on an all-British design for an agile combat fighter aircraft, the P-120, which could be adopted if plans for a European venture fail.

BAe, now fully privatised, is using Ministry of Defence funds for the project.

An aircraft of the type planned is needed not only to replace Jaguar and Phantom jet fighters in service with the RAF but to meet the requirements of other European air forces, including those of West Germany, France, Italy and Spain. Up to 1,000 fighters, worth several billion pounds, could be produced.

The countries involved are continuing to seek agreement on a joint venture, the European Fighter Aircraft (EFA).

However, no significant results emerged from a recent Rome meeting of defence ministers, called to give the go-ahead for a detailed project definition. Another ministerial meeting is due to be held in London in mid-June.

Difficulties in proceeding with the multi-national venture stem from widely differing British (BAe) and French (Dassault-Breguet) ideas. These involve design leadership, work-sharing and even such fundamental issues as the size of the aircraft and its primary role. The French want a ground attack aircraft while the UK is primarily concerned with air superiority.

Both sides are building their own so-called single demon-

strator aircraft—the BAe Experimental Aircraft Programme and the French Dassault Avion de Combat Experimental now called the Rafale. Each is due to fly next year.

From these, a compromise design for the multi-national EFA could emerge, meeting all five nations' ideas. At the same time, both the BAe demonstrator and the Rafale could provide the nucleus of individual British and French programmes, if the EFA failed.

It is to meet such a situation that British Aerospace, with Rolls-Royce and major equipment companies, are working on the additional P-120 design.

A similar move is being made in France, where Dassault has indicated that it could put the Rafale into production as a ground-attack fighter and could use the existing Mirage 2000 as an air superiority aircraft.

Differences between the European nations, which the Rome meeting failed to heal, stem from French insistence not only on design leadership for the European venture but on securing the largest share in the development and production of the fighter. A figure of 31 per cent has been mentioned, although some sources in the French aerospace industry would like this to be taken even higher.

The other four nations believe that the UK, West Germany and France, should each have a 25 per cent share, with Italy taking 15 per cent and Spain 10 per cent.

The RAF needs a bigger and more agile aircraft than the French air force, of about 10.5 tonnes against 9.5 tonnes, which would incorporate both air superiority and ground attack. The French only require the latter.

Because of high unit costs involved in a solely UK national solution, a unilateral development programme would involve not less than 400 aircraft. Of these the RAF would take about 250 and the rest would be sold overseas. BAe believes such export sales levels are feasible.

While it is primarily interested in a five-nation solution, BAe would not be averse to a four-nation programme which would exclude the French, if that became inevitable. The latter possibility looms large because of the type of aircraft required by the French does not meet the RAF's operational needs.

The UK has to decide what it wants to do before the Ministerial meeting in London on June 17 and 18. The belief is growing in the aerospace industry that if no agreement is reached, a four-nation venture must be sought. The go-it-alone solution is regarded as a last resort.

It will be made clear by the UK and West Germany at the meeting of ministers that time is running out and that decisions must be taken before the end of the summer if the resulting aircraft is to be available for service in the early to mid-1990s.

Lloyd's team to run Minet syndicates

By Eric Short

LOYD'S is putting a management team into the troubled insurance syndicates run by Minet Group's Richard Beckett Underwriting Agencies.

The syndicates' 1,525 members—of whom 1,000 are insurance underwriters—lost that have been put as high as £130m and Minet has already announced that it is closing the agencies by the end of this year.

Mr Peter Miller, Lloyd's chairman, stressed that the latest move did not indicate any decision by Lloyd's to launch a financial lifeline to bail out the members.

The new agency will be responsible for running the business of the two non-marine agencies, 918 and 940, managed by Richard Beckett, which have run up the losses, until all existing insurance liabilities have ended.

Lloyd's also hopes to announce the profitable marine syndicate shortly plans for management of 800 and the smaller aviation

syndicate 859, which are also managed by Beckett. It is likely that they will continue as going concerns.

The Lloyd's move is being taken under the powers of the council of Lloyd's to appoint a substitute agent known as an Additional Underwriting Agency, when it is in the best interests of members.

Mr Miller said that the names had lost confidence in the ability of Richard Beckett, as it stands, to handle their affairs. He emphasised that that arose out of the circumstances rather than from the particular people involved with Richard Beckett. Nonetheless, the council had to make a judgment of competence.

The names of the people on the Additional Underwriting Agency are expected to be announced within a fortnight. They will take over from Richard Beckett as soon as practicable following a transitional period.

The setting up costs of the new agency will be met by Lloyd's, though, Mr Miller emphasises the normal management costs incurred would be borne by the syndicates, that is the members. It was indicated that extra running-off costs would be borne by Minet. No indication of costs was given.

Mr Graham White, managing director of Richard Beckett, welcomed the Lloyd's Council's initiative and said he hoped everyone involved would give it their strongest support.

Mr Miller pointed out that members needed to decide now about their position in respect of the coming 1986 year of account and to choose between staying with their existing ingredients or switching.

Lloyd's last used its powers to set up Additional Underwriting Agencies in the late 1970s to handle the affairs of two earlier crises involving the Sasse syndicate and syndicates managed by the Ashby underwriting agency.

Warning over mortgages

THE GOVERNMENT'S reported proposal to stop paying the mortgage interest of home owners on supplementary benefit could make more families homeless, says a report published in the latest issue of Roof, the magazine of Shelter, the housing pressure group.

The report presents the results of a Shelter survey into how local authorities' practices point to the way they might react to such a situation. Many councils would be unable to help the increasing number of families who would lose their

homes due to mortgage arrears. Mr Roger Matthews, the report's author, says: "It can no longer be assumed—if it ever could be—that local authorities will act as a safety net."

The report reveals that if the Government did cease the payments, between 4 and 5 per cent of all people with mortgages would probably soon be in trouble over repayments; waiting list restrictions imposed by housing councils would mean that owner occupiers and former owner occupiers would not be offered a home;

Continued from Page 1

Swoop on Whitehall costs

the greatest scope for cost cutting—typing, telephones, messenger costs. Senior civil servants normally use hallopennies to write papers for Ministers, or for each other. The papers are then typed.

The typing is not always done in Whitehall. Sometimes it is done just outside London. Harrow is believed to be one centre.

Sometimes it goes far afield—to Stockport or Lytham St Anne's.

The official explanation is that Departments get better value if they send typing outside London, where pay rates are lower. Unofficial reports have it that during the war some civil servants were evacuated to points north, and that ever since weekly vans have carried Whitehall's finest prose several hundred miles to be typed.

Travel is an area where savings might be made, not least by Ministers. Some are thought to prefer the privacy of RAF aircraft when flying. It is thought that RAF planes, until recently, came

expensive, mainly because the Ministry of Defence was told by the Treasury to charge other Departments on a cost-plus basis.

When the private office of one Minister heard how much the RAF charged for a short hop, it went in for competitive tendering. The civil servants discovered they could cut the cost of their Minister's trip by several thousand pounds using a private company.

The office network is powerful in Whitehall, and word soon got round. It is believed that the Defence Ministry has been forced to start charging commercial rates. There could be room for further savings here, such as Ministers foregoing private aircraft for regular airlines where possible, but that is not something civil servants can control.

Telephone costs are another obvious target. When a Minister from, say, the Department of Trade and Industry wishes to know about a foreign organisation, his civil servants do not ring that organi-

sation direct. They call the Foreign Office down the road.

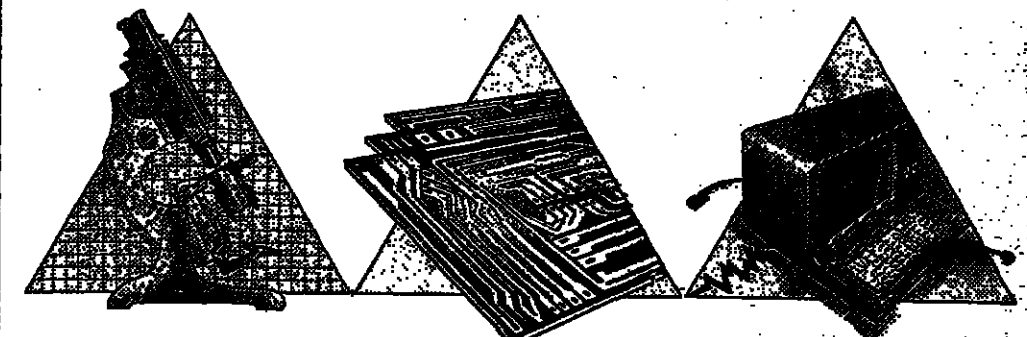
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Extracts from the Chairman's Statement in the 1985 Annual Report: "Investment in small UK companies, largely USM and ex-USM, now represents 78% of First Charlotte's assets. Since launch, the Net Asset Value has risen by 70% compared to a 56% rise in the USM Index."



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London

Bids open way for battles

AN AVALANCHE of major corporate bids has swept into the market this week. The long awaited bid for Debenhams finally materialised with Burton slapping in a near £500m offer. More surprising was the £17m bid by Buzel for Brammer, which has met with an immediate rebuttal, while British American and General Trust (BAGS to its friends) has been approached by a relative minnow in the trust sector, Shires Investment, clutching a bid worth over £60m — equal to more than six times its own size.

Not all the large bids of the week were so aggressively presented however. Gill and Duffus has willingly succumbed to a £120m offer from Dalgety in an effort to thwart the ambitions of an American company (not named) which has been making unwanted overtures. Despite Dalgety's cosy talk of synergy the market remained unimpressed with the quality of earnings Dalgety is buying.

Last, but not least, joinery manufacturers John Carr has agreed to a £65m price proffered by Rugby Portland Cement. The bid for Debenhams, and department store group, must rank as one of the worst kept secrets in the history of the Square Mile. For months the rumours have ground on with many of the successful retail names of today suggested as potential bidders.

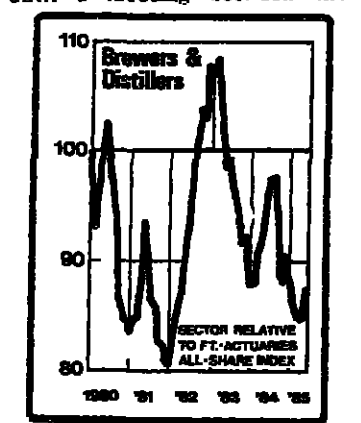
Despite protests to the contrary Phil Harris' Harris Queensway kept cropping up alongside Gerald Ronson's Heron group as possible members of a consortium willing to throw their hats into the ring. The two have worked together in the past but Ronson seems to be more interested in winning the hand of Burmah — although at this stage he does not seem to be getting far. And while Harris Queensway was trading arrangements with Debenhams, a full bid seemed unlikely.

Recently the rumours have centred on two names — Burton and Habitat Mothercare. Even before Burton officially wheeled out the terms on Wednesday morning the City was convinced that a bid would come from that source. Debenhams, for its part, was already building the defences with talk of a rival management buyout (a la Haden) valuing the group around £60m.

The structure of the offer is this. Burton is bidding three shares plus 250p in cash for every share of Debenhams. If the bid goes through two of the most successful names in retailing, Ralph Halpern of Burton and Sir Terence Conran of Habitat, will come together in a one venture and dealers almost fell over themselves in their enthusiasm for such a combination. The shares of both companies initially rose on the news as did Harris Queensway's, even though its role, if Debenhams changes hands, remains unclear.

Judging by Phil Harris' comments he is fairly relaxed whichever way the battle goes and the defence should not be written off as still in the wings. That buyout is still in the wings. Nor is the tussle for control of Brammer one where the defenders look ready to throw in the towel. Brammer, a hearings and power transmission equipment distributor, was stalked last year by Buzel, a paper group which has made great strides forward in distribution and merchandising recently. But the rise in Brammer's share price seemed to put it beyond Buzel's grasp and it eventually sold its threatening 4.6 per cent holding of Brammer equity in every five Debenhams shares. Habitat Mothercare is doing a bid of backseat driving. If the bid succeeds it will undertake to redesign the 67 Debenhams stores and take a fifth of the selling space under its own wing. It also has an option to buy a fifth of Debenhams next year from Burton.

March at a £11m profit. It appeared to be that, until a meeting between the



groups' respective directors a month ago. What exactly were the intentions behind the meeting can only be a matter of conjecture for outsiders. Obviously both parties would interpret those discussions in different ways now that Buzel has popped in an unwanted offer triggered by Brammer's own £44m bid for Energy Services and Electronics last week. The fight is shaping up to be a bitter one.

Outside the rush of takeover news the market generally remained strong throughout the early part of the week with the FT 30-Share Index just a few points below its peak. But on Thursday some disappointing figures from Plessey sent a small ripple of nervous selling through the market.

Plessey's full-year profits, showing a fall of £12.5m to £163.7m pre-tax, were a good £10m shy of expectations. Given the generally good communications that persist between the City and leading UK companies, nasty surprises are relatively unusual. And in this case the market's over-optimism is even more unexpected because Plessey reports quarterly.

Inevitably, having got it wrong, the market was in an unforfeiting mood and the shares lost almost £200m in value during the afternoon — a fall of 15 per cent.

There were unquantified losses at Stromberg-Carlson in the U.S. which did not impress and high research and development costs and delays to System X deliveries caused further setbacks. But what really went down like a lead balloon was the collapse of profits from Plessey Electronic Systems, the defence-oriented business. Profits there slumped to £14m in the final quarter compared to £10m. Plessey, like others, has been caught out by lower demand from the Middle East.

On a charitable view Plessey's profits could pick up again towards the latter part of the current year and at the pre-tax level it might achieve £185m to £190m. But that must remain a tentative forecast at this stage. Meanwhile the brewers' results season has got underway in earnest with a spate of reports from large and small alike. So far the figures have been free of surprises for the market, nasty or otherwise, but they have acted as a reminder of the deepening gulf between the national and regional operators.

Despite the continuing flat level of demand for beer as a whole the national groups are producing more than respectable profits from their breweries to judge by Bass and Whitbread this week. Bass in particular stood out with a pre-tax profit of 26 per cent to £106m for the 28-week period to mid-April. The inclusion of the Easter holiday within Bass' interim period, rather than in the second half as last year, flattered the growth rate which is unlikely to be maintained throughout the year. But that aside the important message to come out of the interim report is that Bass is producing steady growth in its beer volumes despite the state of the market. The reason for that is the steady shift by beer drinkers towards lager.

Groups such as Bass, with larger production accounting for 47 per cent of its breweries' output and Whitbread just a few percentage points behind, are bound to prosper as a result of the trend.

So that leaves many of the smaller breweries relying on their tied estates to sustain profit levels. And there too shareholders might rightly question the ability of the regionals to provide the capital investment necessary to upgrade their pubs. The sawdust is giving way to expensive potted palms these days.

For investors the picture seems clear. Despite any inclinations towards lethal local brews they should stick with the national chains.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price	Change	1985	1985
	5-day	on week	High	Low
FT Ordinary Index	1,001.6	- 6.7	1,024.5	928.7
BSR International	90	- 35	167	83
Brammer	358	+ 54	401	280
Barton	490	+ 30	509	408
Cowie (T.)	64	+ 6	65	40
Dares Estates	121	- 6	21	12
Debenhams	381	+ 73	381	188
Etam	196	+ 30	210	128
Executives Clothes	35	+ 6	36	27
Formdesign	178	+ 30	178	130
Gill and Duffus	178	+ 36	210	138
Habitat Mothercare	388	+ 32	410	310
Harris Queensway	244	+ 12	266	168
Metal Box	406	+ 21	435	375
Meyer International	140	+ 14	142	112
Phoenix Prop. and Finance	64	+ 12	64	31
Plessey	150	- 16	212	148
Sumrie Clothes	58	+ 8	82	40
Woodhead (Jonas)	42	+ 11	46	21

† Price at suspension.

Unlisted Securities Market

Time to put away the toys

SHOWING THE same dexterity with which its "Sweet Secrets" toys transform themselves from a bracelet one minute to an animal the next, Fergabrook has ceased to be primarily a toy distributor and has become a wholesaler of DIY and garden products.

Fergabrook has not been slow to use its paper to make acquisitions since it joined the USM last September, and its £5.4m purchase on Monday of Tritrade makes it one of the first USM companies to take over a business larger than its own.

In terms of market capitalisation Fergabrook dominates, but Tritrade's turnover at more than £50m is more than twice Fergabrook's, and it employs about 650 people against Fergabrook's 43. Fergabrook, however, has the edge in profitability: last year it increased pre-tax profits eightfold to about £2.5m whereas in the year to March 1985 Tritrade will have roughly halved its profits to £300,000.

Possibly Fergabrook has taken on more than it can cope with. But so far, the market profit levels. And there too shareholders might rightly question the ability of the regionals to provide the capital investment necessary to upgrade their pubs. The sawdust is giving way to expensive potted palms these days.

For investors the picture seems clear. Despite any inclinations towards lethal local brews they should stick with the national chains.

Terry Garrett

pany into areas where it has no experience. Fergabrook's formula is to buy the distributive rights for a product, get it made up cheaply in the Far East, and then sell it in the UK. The company already has extended this to Clifford by securing for it the sole rights to Playboy Cosmetics and plans to do the same for Tritrade which until now has relied on a "buy British" policy.

As well as rationalising by closing depots and installing computers to improve stock-turn, Fergabrook also plans to change Tritrade's customer profile towards a heavier dependence on the multiples, where larger volume more than compensates for tighter margins. Fergabrook considers itself well placed for this task as the multiples already account for 80 per cent of its toy sales.

Fergabrook's image in the City has changed from the days when it specialised in selling off bankrupt stock. The seal was put on its new respectability when it hired Wood Mackenzie and Hill Samuel to help with the acquisition of Tritrade. "We've got a new-found credibility in the marketplace," says Mr King.

This is more than can be said for the hapless Adam Leisure, which would have done well to diversify away from the hand-held computer games from which it made £3m in 1983. On Friday it shocked even its more pessimistic observers by announcing a pre-tax loss of £500,000 for the first half, which includes the Christmas spending season.

Now, the company says that it has broadened its base and is distributing a wider range of educational electronic games, as well as cordless, portable baby-listeners and electrical adaptors. The market has yet to be convinced, however, which reached a high of 105p, are now slumped at about 13p.

Lucy Kellaway

from £27m to £35m. The first time inclusion of Donlee and Vigorone will help.

A steady, respectable advance of 10 per cent in about £24m at the half way stage can be expected from MEPC when it announces its interim results on Wednesday. The growth should come both from rent reviews and reversions and from higher interest received, with dealing profits also advancing from last year's depressed levels.

Of more interest to the market than the half year results should be an announcement about two properties sold during the period, in Houston and Honolulu. None has been particularly good investments, and had shown poor growth since they were acquired due to a weak letting market. The sales should have brought in about £45m.

Among the other major companies reporting this week will be merchant bankers Hill Samuel, whose pre-tax profits for the year to March 31 are expected to reach £80m.

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Lucy Kellaway

Terry Povey

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Adams & Gibson	240*	250	234	4.32	Keep Trust
Allied Textile	473	510	430	42.01	London & Midland
Anvill Pet	60	58	54	9.66	Berkeley Explor
Brammer	358	358	348	115.64	Buzel
Brit Amer Trust	11	11	11	11	Shires
Brown (Matthew)	472½	511	430	106.57	Scot & Newcastle
Carr (John)	130½	170	107	64.31	Rugby Ptd Cem
Cartwright R.	172½	186	122	5.16	Moss (Robert)
Cole Group	344½	381	327	452.26	Barton Group
Energy Services	134½	118	97	42.89	Brammer
Formdesign	180*	178	150	4.50	Hunterprint
Gill & Duffus	177½	178	180	117.01	Dalgety
Haden	240*	362	232	37.18	Trafalgar House
Inglall	105*	104	90	8.58	House of Fraser
MFI	285	285	258	561.42	Assoc Dairies
MJI	194	18	15	4.37	Leigh Interests
Multhead	176	166	148	14.87	RHP
Petroler	84½	86	81	14.76	Aran Energy
Petroler	84	86	81	13.12	Saxon Oil
Planet Group	109	105	88½	17.81	Raymond Williams
Sellinco	40	29½	24	22.78	Stormgard
Solicitors Law	35*	41	41	4.03	Perigamon
Times Veneer	20*	29	40	1.41	CDI Hedges
Trident Computer	80	75	70	2.00	Park Place
Westland	150*	149	140	88.90	Bristol Rotocraft
Yorkgreen	18	15	10	1.38	Tallex Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on May 24, 1985. †† At suspension. ‡‡ Shares and cash. †† Related to NAV to be determined. ‡‡ Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Asa Brit Foods	Mar	132,300 (126,700)	19.8	(21.2)
B&C Shipping	Dec	66,230 (58,530)	17.3	(17.0)
Black, A. & C.	Dec	312 (362)	17.9	(24.8)
Brit & Am F.M.	Dec	512 (434)	—	(17.5)
British-Bornes	Mar	1,790 (1,430)	26.7	(21.6)
Buckleys Brew	Mar	955 (846)	4.2	(5.7)
Caparo Ind	Dec	2,760 (1,930)	4.9	(3.9)
Cater Allen	Apr	3,710 (3,620)	9.8	(8.1)
Chambers & Hill	Mar	560 (481)	9.8	(8.1)
Clarke Nicholls	Dec	511 (300)	4.8	(10.0)
Feb Int	Dec	740 (1,080)	7.9	(8.2)
Fine Art Dev	Mar	7,200 (3,400)	—	(3.2)
Goldberg, A.	Mar	640 (1,300)	1.0	(5.3)
Goldsmiths Grp	Feb	1,620 (430)	—	(7.5)
Ivory & Sims	Apr	1,620 (430)	—	(7.5)
Lanc	Dec	280 (179)	15.5	(12.8)
Millets Leis	Jan	396 (481)	2.2	(4.8)
Nov-Swift Ind	Dec	4,510 (1,570)	5.2	(4.8)
Parkland Text	Mar	2,010 (1,810)	28.3	(22.7)
Plessey	Mar	163,700 (176,200)	12.7	(15.3)
Renwick Group	Dec	951 (575)	6.1	(8.7)
Rolle & Nolan	Feb	360 (571)	9.6	(14.1)
Sainsbury J.	Mar	156,400 (130,000)	15.6	(12.9)
Sandhurst Mfg	Jan	1,570 (1,240)	4.2	(4.0)
United Texts	Dec	6,800 (242)	21.2	(31.1)
West Brom Spg	Dec	7 (276)	—	(1.4)
Whitbread & Co.	Mar	110,100 (95,100)	21.4	(19.3)
Yorklyde	Jan	1,840 (1,270)	23.8	(16.3)
York Mount	Jan	1,840 (1,270)	23.8	(16.3)
Young & Co	Mar	3,030 (2,840)	12.7	(11.3)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)
Aspinall Hides	Mar	6,880 (3,710)	—
Avon Rubber	Mar	2,010 (1,310)	2.2
Bass	Apr	108,000 (84,400)	3.7
Brooke Tool	Mar	427 (419)	0.5
City Site Est	Mar	504 (120)	0.41
Cramphorn	Jan	29L (84)	1.67
Croton Lodge	Mar	130 (223)	0.5
Cronite Group	Mar	200 (45)	—
Crystallite	Mar	2,360 (2,300)	1.54
Gomme Hides	Mar	733 (945)	—
Greenall Whitley	Mar	11,440 (10,530)	2.07
Guinness Peat	Mar	6,500 (4,200)	0.8
Hoggett Bowers	Feb	308 (304)	0.5
Howard Group	Mar	1,320 (736)	4.3
JFB	Mar	1,210L (2,640)L	—
MAM	Jan	887 (818)	2.8
McCarthy & Stue	Feb	4,090 (3,150)	0.87
Maynards	Feb	24,010 (22,540)	4.25
Meyer Int	Mar	16,100 (16,900)	1.8
Polly Peck	Mar	28,150 (21,360)	1.0
Pyke Hides	Mar	793 (505)	2.5
Radio City	Mar	49L (234)	—
Radio Clyde	Mar	188 (364)	1.5
Ranks Hovis	Mar	36,500 (23,300)	1.94
Red Nat Glass	Mar	67 (196)L	—
Reynolds Motor	Mar	595L (25)L	—
RHP Group	Mar	4,260 (2,110)	1.66
Roseburgh	Dec	1,280 (1,180)	—
Saatchi & Saatchi	Mar	15,510 (7,480)	5.99
Spencer Clark	Mar	265 (43)	0.5
Svenierals	Mar	335L (29)L	—
Utd Sci Rides	Mar	5,390 (6,960)	2.2
Franklin Text	Mar	1,710 (1,240)	0.7
Western Set	Mar	398 (327)	1.0
Williams, John	Mar	28 (84)L	—

(Figures in parentheses are for the corresponding period) * Dividends are shown net pence per share, except where otherwise indicated. † Figures for nine months. L Loss.

ISSUE NEWS

Ausbacher, H.—To raise £35.5m through a two-for-one rights issue at 50p.

Caparo Industries—To raise £10.53m through a rights issue of 8 per cent cum red pref shares of £1 at par. On the basis of two pref shares for every nine held or 5 pref shares for every nine 81 per cent pref shares held.

Tomkins, F. R.—To raise £11.7m through a two for seven rights issue at 150p.

RIGHTS ISSUES

Ecobric Holdings—To raise £766,000 through a seven-for-two rights issue at 10p.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Charlie Brown Car Part Centres—USM placing of 1.8m shares at 76p.

Fergabrook—Vendor placing of 7.75m shares at 75p.

Wold—USM offer for sale of 5,263,158 shares at 95p.

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Results due next week

A £200m brew for Allied?

Allied-Lyons, Britain's second largest brewer with just over an eighth of the beer and lager markets, looks poised to break through the £200m pre-tax profits level when it announces its results for the year to March 31.

The consensus among analysts is that the beer, wine and food manufacturing group will achieve £210m against £195m previously—and that the share price could top 200p in response.

What the market will be looking for in these results is evidence of an underlying improvement, particularly in the beer division which has suffered from falling market share. In January there was a management shake-up with a new divisional managing director, and a consequent series of board changes.

It will certainly be too early to judge the new men by these results but the announcement of plans for marketing and pro-

duct changes could boost confidence that the erosion of market share will at least be staunch.

In spite of the inevitably poor January and February trading conditions, the beer division's profit contribution should be ahead by 10 per cent at around £95m—although a lot of that gain will have been made in the first half. Food is expected to have done better in the second half—with a rise on the year of over 13 per cent to £57m.

In November when Boots announced its interim profits, up a third to £75m, it looked as if the high street chemist and pharmaceutical manufacturer would be able to restore some strength to its share price. However, this was not to be and the shares underperformed the market by almost 20 per cent in the year to early May.

The results for the year to March 31 due on Thursday are expected by analysts to show pre-tax profits of £176m, excluding an estimated £9m gain from property sales; in the previous year the pre-tax was £165m including £16.5m property profits.

Worries over the performance of the group in the U.S. and the depressed state of its other major markets—the UK,

Italy and France—are the main cause of the downgrading.

Loss of royalty earnings on ibuprofen in the U.S. plus two rounds of sharp price cuts by Upjohn will not impact much in these results but they are making the present year look likely to be a poor one.

British Telecom

Inertia could cost you up to £900

NEXT WEEK British Telecom shareholders will be receiving a bill through the post. They may lose as much as £900 if they treat it in the same way as all their other British Telecom bills—waiting for the final reminder.

The letter will contain an interim share certificate and a notice that you must pay the second instalment for the shares you bought last December by June 24. That will cost you 40p a share compared with the 50p a share you paid the first time around.

So if you decide not to sell your BT shares, and were allocated 800 shares originally, you will have to raise £320. With 400 shares you will have to pay £160.

About a third of private investors, in their original applications, asked to be given vouchers with their shares which can be used to reduce their telephone bills. Those investors will be given one voucher worth £18 if they own 200 shares or more and a second £18 voucher

if they own 400 shares or more, provided they pay the second instalment (or "call") and hold onto the shares until June 25.

They can sell their shares on June 25 or thereafter—only a day after paying the second call—and still be entitled to the vouchers which will be sent out in July. Bank managers have been approached by the Government and asked to treat sympathetically requests by investors for loans to finance their second call. The interest cost of the loan will certainly be less than the value of the vouchers.

Investors owning more than 800 shares will be entitled to one or two additional vouchers in December. So it may be worth holding on until then, although the value of the vouchers (£18 or £36) is tiny compared with the stock market value of your investment.

If you are trapped for cash and own more shares than the thresholds for extra vouchers (which stand at 200, 400, 600 and 800 shares), consider cast-

ing in the surplus shares and paying the second call from the proceeds.

The other dates worth watching out for are the dividend dates. If you are still holding the shares in mid-July, you will be entitled to receive the first BT dividend to be paid out at the end of August.

The one-for-one bonus share option, which was chosen by more than 80 per cent of private investors in their original applications, is proving by far the more lucrative in view of the steady rise in the BT share price since December. At Thursday's stock market price of 155p, each bonus share is worth 235p. Thus if you own 800 shares, the value of bonus shares will be about £188.

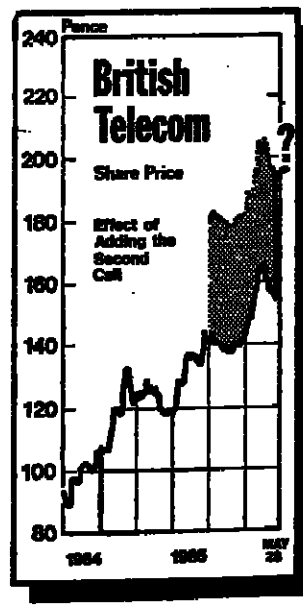
However, you have to wait until the end of November 1987 to receive the bonus shares. By then BT shares may have fallen back sharply because of fears of a future Labour government committed to re-nationalisation. So if you prefer to avoid the risk and take your profits now,

you can sell your shares at any stage over the next three weeks without paying the second call.

The procedure however differs slightly from the norm. From Tuesday the BT share price will be quoted to include the 40p second call. So the price will appear to shoot up by about 40p first thing Tuesday morning (see graph).

When you call a stockbroker to sell your shares, he will ask you to send him the interim certificate you should receive next week. This replaces the letter of allotment which until now has been the proof of your ownership of BT shares. He will also send you a share transfer form to complete and return at the same time.

You will receive the proceeds of the sale on the settlement day which, for the next three weeks, will be on June 24. Your stockbroker will ensure that the second call on your shares is paid on that date and will deduct the amount from your sale proceeds. But whatever you decide to



do, don't do nothing. If you hold your shares but fail to pay the second call, the Government has the right to cancel your shares and return to you no more than your original investment of 50p per share. That means you could lose profits worth 100p to 110p per share, or as much as £900 on a holding of 800 shares.

Clive Wolman

Expatriates

Get-up-and-go checklist

GONE ARE the days when you could just get up and go. Today's expatriate needs to plan carefully before going overseas, especially if he or she wants to make full use of the coveted non-resident tax status. Here is a checklist of things to consider.

- 1—Check your contract for details of working hours, responsibility, and perks.
- 2—Remember the tax rules to count as non-resident for UK tax purposes, you must be in full-time employment overseas for at least one full tax year. Visits to the UK must not exceed six months in any one tax year, or three months per tax year when averaged over four consecutive years. Non-residents do not pay UK income tax on non-UK income and are exempt from capital gains tax.
- 3—If you do not meet these requirements, you may qualify for full tax relief on overseas earnings only, provided the period of overseas employment exceeds 365 days (irrespective of tax year), and return visits to the UK do not exceed 62 consecutive days or one-sixth of

the total number of days in an "overseas-UK-overseas" sandwich.

The Inland Revenue guidelines on residence and non-residence are set out in booklet IR20.

3—Tax rebates are available if you have been on PAYE during the year of departure. You will need to submit form P85 plus evidence that you will be employed overseas for at least a year (a copy of your contract will do) to establish provisional non-resident status.

4—Time your departure to your advantage—you can use your full-income tax allowance (£3,455 for a married man) for the year of departure, so depending on how soon after April 6 you leave, you may not need to pay any income tax for that year.

5—Defer realisation of capital gains until you are non-resident unless they come within the personal allowance or can be offset against losses.

6—Check on the tax regime and exchange controls in the country you are moving to. In countries such as Zambia, where high tax rates prevail, many companies choose to pay their employees a local wage to cover living expenses while paying the bulk of the salary into an offshore account.

7—Bank accounts—give your bank a couple of months' warning so they can arrange a new bank account with a branch or correspondent bank in your country or destination.

You will probably still need a current account, preferably a high interest cheque account, to pay regular bills such as insurance premiums. However, deposit and high interest cheque accounts should be transferred to an offshore branch where interest is paid gross as opposed to net of composite rate tax.

Composite rate tax can be reclaimed from a UK bank deposit if the depositor signs a non-resident declaration. However, the snag here is that all the interest arising during the year of return to the UK is taxed, and on a preceding year basis.

8—Avoid joint accounts because if one partner loses his/her non-resident status, half the interest will be taxed even if the account itself is offshore. Better, instead, to use separate accounts or put the account in working partner's name on a joint signature basis.

9—Close the building society account—tax deducted at source is not reclaimable by non-residents although this year's Budget introduced proposals to change this arrangement in

April 1988.

10—Insurance policies need to be carefully examined to see whether there are any restrictions on residence abroad. For example, some house contents policies may not cover houses left vacant for several weeks or occupied by someone other than the owner, so you may need to change your policy or pay higher premiums for full cover.

Check what life and medical cover your employer provides already—you may need to take out your own policies.

11—Insure against early return—early repatriation (whether through ill-health or a sudden deterioration in the political climate) could jeopardise your non-resident status and land you with an unpleasant tax bill from the revenue.

12—Review your investments, bearing in mind that UK-source income is taxed. There is no need to fight shy of low or nil-yield authorised unit trusts if these seem to be a good investment although many expatriates prefer to invest in their offshore counterparts. However, investors should be especially careful about offshore funds when they return to the UK or their tax burden could be greater than if they had kept to onshore funds in the first place.

13—Exempt gifts—non-residents should apply for gross payment of exempt gifts by writing to the Inspector of Foreign Dividends, Lynwood Road, Thames Ditton, Surrey KT7 0DF. Stocks and bonds on the National Savings Register also pay gross.

14—National Insurance Contributions—special rules govern those working in the EEC, but usually in other countries there is an obligation to contribute to Class I contributions for the first 12 months of overseas employment if employed by a UK employer, and thereafter to pay Class II or III. If you are working for an overseas employer, you can pay Class II or III right from the start. Further details are available from the DESS Overseas Branch, Newcastle-upon-Tyne NE98 1XX.

15—Property—don't forget to inform the mortgagee if your property is to be let or left vacant.

16—Make a will—sorry to end on a gloomy note but it's essential to make a will and leave one copy in the UK with your bank or solicitor, and another copy in the country where you are working.

Sara Webb

New products
Unit trusts
reorganised

COUNTY BANK'S launch of a new Global Income Trust marks the group's re-emergence into the limelight after a reorganisation of its unit trust operations.

County Bank is the merchant banking subsidiary of NatWest, and it runs all the funds formerly sold under the National Westminster name. But it has had to do some hard thinking about the range of funds and services it offers.

It is about to merge its Portfolio and Income unit trusts to form a single fund, County Bank Income and Growth. And it plans to split the Japan and Pacific Growth fund into two trusts with distinct geographic investment targets.

The new Global Income fund will be invested mainly in the UK and the U.S., with a target yield of 7 per cent. It will invest in fixed interest securities such as gilts, as well as shares. Unlike the M&G International Income fund launched two weeks ago, which invests only in equities and in loan stocks convertible into equity.

The County Bank units are priced initially at 50p, with a discount of 2 per cent until

June 14. Minimum investment is £500.

If you wanted to invest in any of the other County Bank funds, your timing could still be good. During its reshuffle the bank moved the prices of all its unit trusts onto "bid basis."

Under the regulations for calculating unit trust prices, the spread between buying and selling prices can be as much as 13 per cent. Most fund managers deal, however, on a spread of around 6 per cent, but they can move this price spread to either end of the 13 per cent spectrum.

If they are selling more units than they are having to buy back from investors, they can afford to put their prices at the top

end of the range—"offer basis."

But if investors are cashing in a lot of units, the managers may protect themselves by moving to the lower end of the price spectrum, known as "bid basis."

If you invest in a fund that is priced on bid basis, your units could rise by 64 per cent in price if it moves onto offer basis, even without any gains in the underlying shares.

County Bank's Gilt Strategy, Extra Income and Income funds have moved back onto the way towards offer basis, but the other County Bank funds remain on bid basis.

CS INVESTMENTS is launching CS Portfolio Investment Fund, its second unit trust. It is intended to give some of the features of private portfolio management for investors with £10,000 to £30,000, with quarterly investment reports. Minimum investment is £7,500, with an annual charge of 1.2 per cent. CS says it should be the only unit trust you will ever need.

CS is an independent fund management group formed in 1983 by refugees from the Gartmore unit trust and investment trust group. It has £300m in funds under management.

Smith and Williamson, chartered accountants, is also launching its second unit trust, S & W Smaller Securities Trust will specialise in UK smaller companies.

AN OFFSHORE unit trust investing in Japanese smaller companies, including unquoted ones, has been launched this week by the Hong Kong subsidiary of Hambro bank.

The Hambro Pacific Japanese Enterprise fund, which is listed on the Hong Kong Stock Exchange and is expected to gain offshore distributor status for UK tax purposes, will invest in companies engaged particularly in new product development and requiring large capital injections.

however, sufficient to give higher rate taxpayers a substantial return over five years, because they can offset their entire investment (up to £40,000) against their top rate of tax. Granville is best known for its over-the-counter market in unquoted company shares, which will probably be available to investors wishing to sell their stakes after five years.

Investors will be charged a 5 per cent entry fee. But the prospectus does not state how much Granville will be asking from the fund's target companies, money which is ultimately paid also by the investors.

THIS WEEK saw the first issue of a glossy colour monthly magazine aimed at unit trust investors and their advisers. Unit Trust Management, on sale for £1.50, is produced by writers for Money Management, a more general magazine for financial advisers. Both are published by Financial Times Business Information, Grey-stoke Place, Fetter Lane, London EC4A.

Of particular interest to unit holders are the sections surveying new unit trusts and detailing the investment performance records of all the 740 or so unit trusts now available. Each month, there is also a detailed analysis of one particular fund and a case study of an investor.

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Finance and the female

When women don't know their rights

OVER THE past few years, there has been a great deal of lobbying to get sex discrimination out of the tax system and the reform proposals outlined in March's Budget amounts to an important response.

According to the Chancellor, the proposals outlined would mean that every person was treated as an individual for tax purposes, and the married couple syndrome would disappear completely. Married couples would no longer be lumped together automatically for tax payments as they are now.

While waiting for the Green Paper to come to fruition, however, there is still the present to consider. And I have discovered that many of my clients are not really sure of the tax laws of today, let alone what is going to happen tomorrow.

Recently I was introduced to a new female client who has been married for 25 years, during which she had accumulated £15,000 in varying building society accounts. She had not told her husband since she felt the money had nothing to do with him. She believed that because her earnings were small and she was not a taxpayer, her income from investments would not be taxable, either. She had also been told that any tax payable on building society

interest would be deducted at source, so keeping the taxman happy.

The law in this was that her husband was earning £40,000 a year. I explained that additional tax would be payable on the building society interest, because all investment income was added automatically to a husband's tax bill; and if he paid higher rates of tax, then any investment income would also be liable to tax at the highest rate he paid, not just at the composite rate deducted by the building society. But she refused flatly to believe that it made no difference whether the capital belonged to her or him.

This example is one of many similar cases I have met over the years. At best, it can mean that women are not making the most of their money. At worst, it can mean they are breaking the law, albeit unwittingly.

On the other side of the coin, I had another client whose husband's company went bankrupt. The wife bailed him out and they were left with £50,000, a tiny cottage and a large mortgage, but they were caught in a financial trap.

They were not entitled to unemployment benefit because the husband had, owing to his business difficulties, paid too little national insurance during the relevant period. The wife did

not work at all. They were also not entitled to supplementary benefit because they had too much capital, and since the husband was under 65 and the wife considerably younger, they were not entitled to the state pension. Their only source of income was from investments and, their solicitor suggested that the whole amount should be invested in building societies. And that is where it has been for the past 12 months as a "safe" home for their money.

The wife was making all the arrangements, since it was her money, but she had no idea she was entitled to the married man's tax allowance, enabling the couple between them to receive an income (from whatever source) of £3,455 a year before paying any tax. By putting all their money in building societies they lost the advantage of the allowance completely since the tax was deducted at source and was not reclaimable. Yet, no one had pointed out to her that the allowance was available.

There are just two of many examples of married women who, even today, have not been encouraged to speak to tax inspectors and other financial advisers. But it is important to see that detailed advice is obtained on all types of investments and their tax implications. Quite often, the investment which looks the most straightforward and suitable—such as a building society or bank deposit—can often be the reverse, as a consequence of its tax treatment.

Liz McDonnell

• Liz McDonnell is a specialist financial adviser.

Investment charges

Trusts that save you money

WHEN YOU make a long-term investment in the stock market through a managed fund which spreads your risk across a range of shares, you can fork out in charges anything from 8 to 22 per cent of the money you invest.

An article on these pages last week compared the charges on the unit-linked maximum investment plans managed by insurance companies with those on unit trusts. The unit-linked charges on a 20-year policy come to about 22 per cent of the money invested and, on policies taken out since the 1984 Budget, the consolation of tax relief on the premiums is no longer available.

Unit trust charges are substantially lower. But even then, on a 20-year investment, typically come to 12 to 15 per cent of the money invested.

The best deal of all is offered by investment trusts. The annual management charges of a general investment trust are normally in the range of 0.2 to

0.5 per cent of assets under management.

By contrast, the charges of a general unit trust are normally between 0.5 and 0.75 per cent. The specialist funds investing in specific overseas markets usually charge more.

Investment trust assets are spread across a wide range of equities in the UK and overseas and managed on a similar basis to unit trusts. The most important difference is the way in which you buy and sell a stake in them. With unit trusts, you buy (and sell) units from the managers at a price which is linked by a standard formula to the value of the underlying assets.

But shares in investment trusts are bought and sold through the stock market at prices which deviate substantially from the value of the underlying assets in the funds. At present, the prices of investment trust shares stand generally at discounts of about 25 per cent to the value of the underlying assets.

This means that you will receive a higher income yield from your investment in an investment trust than from the same assets held through a unit trust.

You could also mark up an additional capital gain if the discount narrows—but the converse is also true. If the discount widens, you will suffer a capital loss.

The costs of buying and selling investment trust shares are the same as the costs of dealing in any other shares on the stock market and comprise stockbrokers' commission, jobbers' turn and stamp duty.

Provided you buy more than £500 worth of shares in a fairly well-traded trust, the buying and selling charges should not exceed 5 per cent of your investment. By contrast, the entry and exit charges for a unit trust are typically 6 per cent—and in some circumstances can rise to a maximum of about 13 per cent.

Clive Wolman

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FT366

Commodities

The risks and rewards of direct investment

"IF YOU ever feel inclined to make a direct investment in commodities, go and lie on a hot beach until the feeling goes away. The statistical likelihood of losing your shirt is too high and you are much better advised to pick a managed commodity fund."

That is the recommendation of stockbrokers Capel-Cure Myers, and it is endorsed even by many commodity brokers. But choosing a fund to fit your own aims can be perilous—they range widely in investment policy and in degree of risk.

At one end of the spectrum you could choose an authorised unit trust. Because UK law prohibits them from investing directly in commodities, these funds can only buy the shares of commodity companies—producers, traders or processors.

At the other extreme there are offshore funds investing in the commodity futures markets, often on the basis of a computerised trading programme.

They will rarely risk more than half their fund on the futures markets at once, keeping their reserves in bank deposits. But their performance is still likely to be more bumpy than that of a trust investing in commodity company shares.

They may still be attractive to investors who want the chance of spectacular gains, even if these are followed by equally spectacular losses.

One investor in the Invicta Gilt Edged and Financial Futures Fund, for instance, complained to the managers, Cater Allen, that the fund was performing like a stodgy gilt fund, not a high-flying futures fund. He knew the risks, says Cater Allen's Mike Lawrence, and wanted to see his investment gain—or losing—50 per cent in a year.

The factors which multiply the effects of good investment choices also multiply the effects of bad:



• Gearing. This is the single biggest lure of the commodity futures markets. When a fund, or an individual, buys say, cocoa futures, it has only to pay a small proportion of the money upfront, not the value of the entire load of cocoa.

If you put up only a tenth of the value, then a 10 per cent rise in the price of cocoa will double your money. The other side of the coin is that a 10 per cent drop means you lose every penny.

Even a fairly cautious fund could easily have as much as five times the value of its investors' money riding on various futures contracts. The rewards, and the risks, can be high.

• Market volatility. Commodity traders make their money on moving markets—it doesn't matter whether they move up or down. In a falling market they can sell short: that is, sell commodities that they do not possess in the expectation that they will be able to buy back their commitment later when the price has fallen.

But although the commodity markets have a reputation for volatility, there are long

periods when they do not move much in either direction.

• Currency movements. Most commodities are priced in dollars, so the UK investor can find that most of the change in the value of his investment comes from the change in the relationship of the dollar to sterling, not from the commodity price itself.

Tim Ireton of Anderson Man, which runs last year's best performing fund, Mint, says that the currency risk to the investor is partially offset by two factors.

First, many funds actively trade currencies to balance their currency commitments. Second, it is just when the dollar is weaker that dollar commodity prices are likely to rise. Thus, a fund's investment performance may offset losses on the currency front.

But this did not prevent Mint, which follows a computer trading programme, from suffering a loss of nearly a quarter of its value earlier this year when the dollar fell against sterling.

In the middle of the spectrum, between the authorised unit trusts and the pure futures funds, there are hybrids which

aim to secure the benefits of futures investment while reducing its risks.

The Old Court Commodity fund run by N. M. Rothschild, the largest fund in the sector, invests a part of its portfolio in commodity company shares like an authorised unit trust.

With the rest it invests directly in commodities, but it denies itself the benefits or perils of gearing. When it buys a commodity, it sets aside on deposit money equal to the full underlying investment.

The returns are lower in proportion to the amount of money the fund has at stake, but the risks are also lower.

Rothschilds also refuses to sell short. It thus limits its profit potential when markets are falling.

Rothschilds executive director Graham Barker says, however, that it is very rare for all markets to be falling at once. And if basic commodity prices are dropping, the best defence is often to buy shares in commodity processing companies, he says.

The County Bank Natural Resources Fund, launched this week, resembles the Old Court fund in its mixture of shares and direct commodities, and in its rejection of gearing. But it does allow manager David Train, who has just moved from Rothschilds to sell commodities short.

Despite the change in this year's Budget, allowing commodity trading profits to be treated as capital gains instead of income, it is still difficult for the UK investor to escape paying income tax at his highest rate on any commodity profits he makes in these funds.

With an offshore roll-up fund, such as Mint or Sabre, the investor is liable to income tax on all profits—whether they were earned as interest or through movements in the value of commodities—although

HOW THE FUNDS HAVE PERFORMED

	Return per year over 5 years	1 year
Gartmore Commodity	16.9	-2.7
Target Commodity	15.1	-5.4
S&P Commodity	11.3	-4.3
Old Court Commodity	10.1	-4.3
Tyndall Guardian	25.6	32.3
Winchester Diversified	20.8	47.5
Mint	—	34.3
Sabre	—	30.7

only when he cashes in his investment.

A distributor fund, such as Old Court or the new County Bank fund, must hand out a large proportion of its profits as an annual dividend, though the investor need pay only capital gains tax on the remaining profits when he withdraws.

Old Court distributes all its commodity profits, as well as interest payments and some of its share profits. County Bank will distribute only half the commodity profits, leaving the rest to accumulate within the fund.

The wealthy UK investor would in many cases be better off joining a syndicate, where profits from changes in commodity values can be treated as capital gains for tax purposes.

But the minimum investment required is much larger, between about £10,000 and £50,000 and will preclude many medium-sized investors. For even commodity brokers urge that you should in no circumstances have more than 10 per cent of your overall investment portfolio in commodities. And a syndicate is unlikely to be large enough to spread its risks as widely as a public fund.

George Graham

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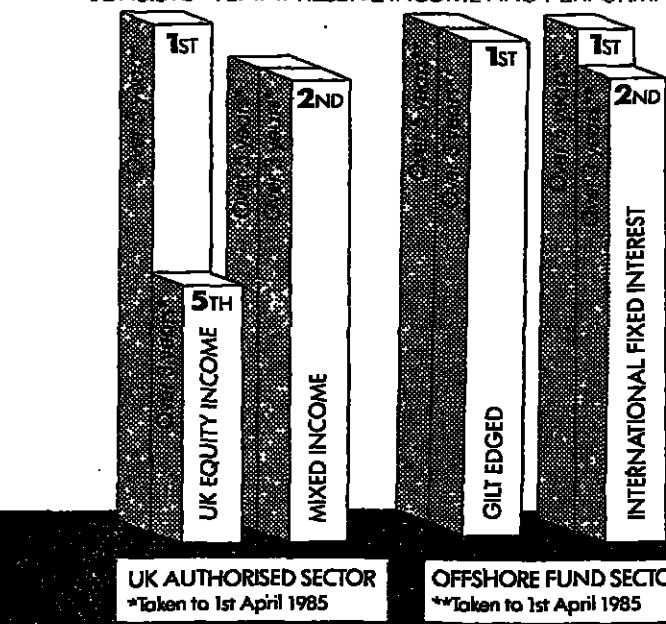
Although there is an extremely wide choice of ordinary international unit trusts available which aim to provide capital growth, the income potential which they offer is usually very small indeed.

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County Bank enjoys an enviable reputation for successful management of income unit trusts. We already manage and advise two specialist income funds and act as adviser to the National Westminster Bank Group's offshore funds. Our consistently outstanding performance record speaks for itself.

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WHY COUNTY BANK?

County Bank Unit Trusts Limited is part of County Bank, which is responsible for managing and advising more than £6 billion of investors' funds. A subsidiary of the National Westminster Bank Group, County Bank is among the largest and most active merchant banks in the City of London, playing a leading role in the development of several important aspects of today's financial markets.

GENERAL INFORMATION Contract notes will be issued by return: certificates issued within 42 days. The prices and yield are published daily in leading national newspapers. You can sell units back to the Managers on any day at the Bid Price ruling on receipt of instruction. Initial charge of 5% is included in the Offer Price of units. Remuneration is paid to qualified intermediaries—rates are available on request. The annual charge is 1% per annum (+VAT) of the Trust value which is deducted from the Trust's gross income. Income distributions are made on 1st February, 1st May, 1st August and 1st November each year in respect of units held on 1st December, 1st March, 1st June and 1st September respectively. Investments made under this offer will qualify for the distribution payable on 1st November 1985.

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FT25/5

The upshot is that I spend half an hour pressing buttons and picking my way through a maze of Prestal frames which can be slow. And at the end of it all, I am urged by Home-link to keep a written log of my transactions, just in case.

Is it, I have to ask myself, worth it when I could have written a dozen cheques in that time?

David Lascelles

By contrast, with endowment and pension mortgages you pay interest only on the loan during the mortgage term. To satisfy your bank or building society that you will be able to

a Government subsidy through interest tax relief at your top marginal rate throughout your mortgage term. With a repayment mortgage of £30,000 or

If you use a pension mortgage, you should increase your pension contributions to ensure that the value of your pension

If you are already investing in a personal pension plan or an executive pension plan through your company, most building societies and banks will go along with your arrangements. You might have to increase your contributions to ensure that, on conservative assumptions, the value of your pension will be large enough to allow for the repayment of the mortgage.

The decision tree indicates whether or not you should apply for a pension mortgage, and, if so, what type. If a pension mortgage is not suitable, the other types available are repayment, endowment, level start and index-linked mortgages. These will be discussed in more detail in future weeks.

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A black and white photograph of a traditional Chinese pavilion. The pavilion features a prominent, curved roof with upturned eaves, supported by a wooden frame. The structure is highly ornate, with intricate carvings and a tiled roof. It is situated on a raised platform, and the background is a plain, light-colored wall.

The Wardley Hong Kong Trust is managed, "on-the-spot", by Wardley Investment Services Limited - part of the HongkongBank group.

HongkongBank is the major financial institution in Hong Kong. It also has 5 offices in China itself - and has already helped to finance some 200 projects in the People's Republic of China (that's probably twice as many as any of its competitors).

Wardley itself, is the largest institutional investor in the Hong Kong market - so the

Ward

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Briefcase

After the ball is over...

The garden of my house adjoins a field which is owned by the local council. The field is part of the grounds of a school. Every evening and weekends boys from neighbouring houses play football on this field and quite frequently their football comes over the hedge into my garden. There are plenty of playing fields just across the road which they could legitimately use. Up to now I have always given them their ball back, but last week I called the police but the policeman gave them their ball back. They frequently break down the hedge—hawthorn—which has now become very thin in parts, and now I am concerned about trespassers. Have I got to give them their ball back? What can be done to stop them using this field? In fact what is the law about balls coming in to private gardens?

The invasion of your property by footballs is likely to constitute a common law nuisance. Although your normal remedy would be to obtain an injunction against the school, in a case in 1977 an injunction sought against a cricket club was refused; but that decision has since been criticised and

probably would not be followed now. It might in any event be wiser to try to negotiate a compensation agreement with the school.

Doubt over management

We are residents of a block of flats where the superior landlord, not the freeholder, uses an associated company as managing agent. The managing agent company is identical in all but name to the superior landlord, yet a substantial management fee is demanded for their services. It would seem that this is not permissible except in specifically prescribed circumstances.

On the assumption that my interpretation is correct could you at least point us in the right direction as to where we would find the basis for this argument—eg a piece of leasehold reform legislation. Our association has taken legal advice on problems with the managing agent/superior landlord in the past but this

fact has never been specifically isolated. The main authority for the proposition that the agent should be independent is in the decision of the Court of Appeal in *Finchbourne v Rodriguez* (1976) 3 AER 581. This does not necessarily mean that a simple managing agent cannot be a company with the same composition as the landlord company.

Under no obligation

As owner occupier of a low-lying (freehold) bungalow, I have been approached by the developer of a nearby residential estate. The suggestion is that his company inserts an additional culvert under the whole length of my land (some 120 yards but not under the bungalow) to convey extra surface water arising from the development. A much more expensive alternative would be to excavate a "B" class road for the culvert. The local authority and water

authority claim no responsibility in this matter. Can I refuse to allow the development under my land and, if I do, who will be liable if flooding occurs? Who would be responsible for future maintenance of the new culvert if it runs under my land? If I agree to the suggestion, could I insist on the developer making good to my satisfaction; paying my legal expenses in drawing up agreements etc; payment of a sum for disturbance likely to arise? What responsibilities do the local authority and water authority have in these matters? You are under no obligation at all to agree to the proposed culvert. If you do agree you can insist that it be on terms that require some one or more persons or people to maintain it and/or to pay for its maintenance. You could also insist on the matters which you list. The local and water authorities are not responsible. If you refuse permission that would not prevent the adjoining owners being liable if flooding occurred by reason of a changed use of the adjoining land.

Selling house

In November, 1977, I purchased a terraced house with the intention of letting it. The cost of the house was £3,500 and after expenses for estate agents, solicitors, furniture, etc., the final initial cost came to £4,550.

As I have now recently sold this house for £12,000, I would be most grateful if you would let me know what capital gains I will be expected to pay based on the fact that I have held this house for 7½ years. I understand that capital gains are based on a formula relating to the retail price index initiated by the Chancellor of the Exchequer a few years ago.

If by "recently" you mean March (as the month in which you exchanged contracts for the sale, regardless of when the sale was completed), the answer is roughly as follows:

Proceeds	12,000
Costs (excluding furniture) say	4,000
Indexation relief 16.8% of £4,000 =	672
Chargeable gain Exempt amount (if unused)	7,328
CGT payable 1.12.85: 30% of	£1,728
	= £151.40

Negligence by solicitors

We bought our house on May 19 1983 and signed the contract on that date.

After half a year our solicitors sent the deeds to us. On inspecting these we were amazed to find it contained, inter alia, a covenant the existence of which we had no knowledge.

We understood the usual comprehensive search had been carried out by our solicitors. The covenant appears to be an agreement between the builders of our house and the local electricity board, a so called deed of grant, in favour of the board, which prohibits us to plant trees within six feet of an electric cable. By the time we received this document we had already planted trees. It appears from the plans that the cable is laid just outside the border of our plot in the private road.

We wrote to our solicitors on February 12 1984 to protest and to ask for more details,

which we received from him.

On November 14 1984 we wrote again asking him to have the covenant cancelled. Besides an acknowledgment dated December 7 1984 we have not heard from the solicitors since.

Is our request to cancel the covenant a reasonable one and would it be likely to be accepted?

We think that you may have a claim in negligence against your solicitors, since it is most unlikely that you can get the covenant released (although it might be modified). You should however first report them to the Law Society for not answering your last letter. Ultimately your problem will centre on the amount of damage caused by the negligence; this is likely to be nothing so far as the value of the house is concerned, but the cost of removing or replanting the trees may be a proper amount to require the solicitors to pay. You should consult other solicitors if you wish to pursue a claim.

Second time around

The gamble that didn't come

FOR HUGH WEBB the transformation took just two months. In July 1981 he was a well-paid North Sea oil engineer, and he expected to do similar jobs for the rest of his working life. The thought of going into business had not entered his head.

Eight weeks later he had given up a £22,000-a-year post to set up a company which he was ill-equipped to run and which for many months—perhaps years—would pay him nothing. He was a budding, but impoverished, entrepreneur. The risks were enormous. His engineering background had helped him design the basic product he now intended to make and sell, but it had not given him the know-how to turn it into something people would want to buy.

Still less had he learned how to raise capital, how to sell, how to manage cash flow or cope with any of the day-to-day problems of running a business.

Four years and a lot of hard work later, Webb's gamble has paid off. The company he heads, Executive Products, employs 17 people, and last financial year it recorded its first pre-tax profits—£17,000. This year it is heading for pre-tax profits of £50,000 on turnover of £800,000.

Webb, now 38, got the idea for his business almost by chance. In his job, inspecting the quality of welding on the construction of Chevron's Ninian Northern platform, he handled documents from all over the world. He noticed they were not held together by any common method. "I had no deep thoughts but I decided to have a look at some binding machine when I was next on shore," he says.

When he did so he identified a gap in the market for a cheap, easy-to-use machine for office use. He conceived an idea based on the principle of applying heat to a dry adhesive attached to the inside spine of a document cover. The adhesive, when heated, welds pieces of paper firmly together.

By the time Webb left his job he had produced a prototype. What he did not realise was that it would be well over a year before he could start selling the product.

"When I went on a small business course run by the London Enterprise Agency one of the tutors, a marketing executive on secondment from IBM,



Hugh Webb... living off his wits

made me realise that although my machine did the job it was not suitable for offices. I had a clever engineers' machine with flashing lights and too many control buttons. What it needed was simplicity and stylish design, so that it would look attractive."

To overcome the problem Webb hired an industrial engineer and together they perfected the machine he sells today. That process, however, aggravated his other major starting-up problem: finance.

He had accumulated little savings from his North Sea oil job. Most of the money to build and expand his company had to come from elsewhere.

In all Webb needed three tranches of capital. Raising the second and third, by selling a total of 50 per cent of the shares of the company, was relatively simple—by then, Executive Products was established. The first tranche—two loans totalling £16,000 from the Midland Bank

under the Government's Loan Guarantee Scheme—was more difficult.

"When you start, you do not know how to make a presentation to a potential banker," says Webb. "You don't even know the right language to speak."

"At first the bank manager was negative. On my third visit I took the machine along, and that was the breakthrough. He even started suggesting clients of his who might find it useful."

By November 1982, 14 months after resigning from Chevron, Webb had moved out of his makeshift workshop in the spare room of his Croydon, London, flat, into a 1,200 sq ft factory in nearby West Norwood. He was ready for his next crucial test, the first sales drive.

To meet a deadline, he and his wife Lorraine stayed up all one Friday night so they could catch the Saturday post with 250 advertising brochures. At 10 o'clock the following Monday their efforts were rewarded:

the company received its first order. Several more followed that day.

"I felt proud I had produced something that people actually wanted," says Webb. "I had been working on the project for 14 months but when we made our first sale I was actually pleasantly surprised."

Six months later, press releases and trade paper advertising had helped boost sales to £8,000 a month. With the help of £30,000 he raised by selling 20 per cent of the shares able to appoint his company's first two staff members other than himself and his wife.

Nonetheless the company's future was by no means assured.

In April 1984 there was a major cash flow crisis. A company Webb had trusted to send out publicity material failed to do so, and sales plummeted. "That was a tough moment," he says. "But really there was a constant danger of collapse throughout the first couple of years."

Today, however, Executive Products appears to have achieved a more stable position. Sales to customers including Shell, Ferranti, the Stock Exchange and the French Ministry of the Interior have reached around £50,000-£60,000 a month. Next month the company will move into premises three times the size of its present factory.

Webb says the company, now exporting about 20 per cent of its products, is worth around £350,000. He expects profits of £300,000, on turnover of £1.5m, in five years.

Has it been worth it? Webb says that if he had been able to solve the problems he has encountered, he probably would not have given up his oil platform career.

"I had much more leisure time then and I earned a lot more money, although that should change in a couple of years."

Nevertheless he is clearly glad he made the move. "This work is more satisfying. Before I was working for a large company I did not know. Now I have my own staff, I am living off my wits and I am hoping to have a company worth £1m in three years time. I am also making my own product and for an engineer that is a dream."

Mike Smith

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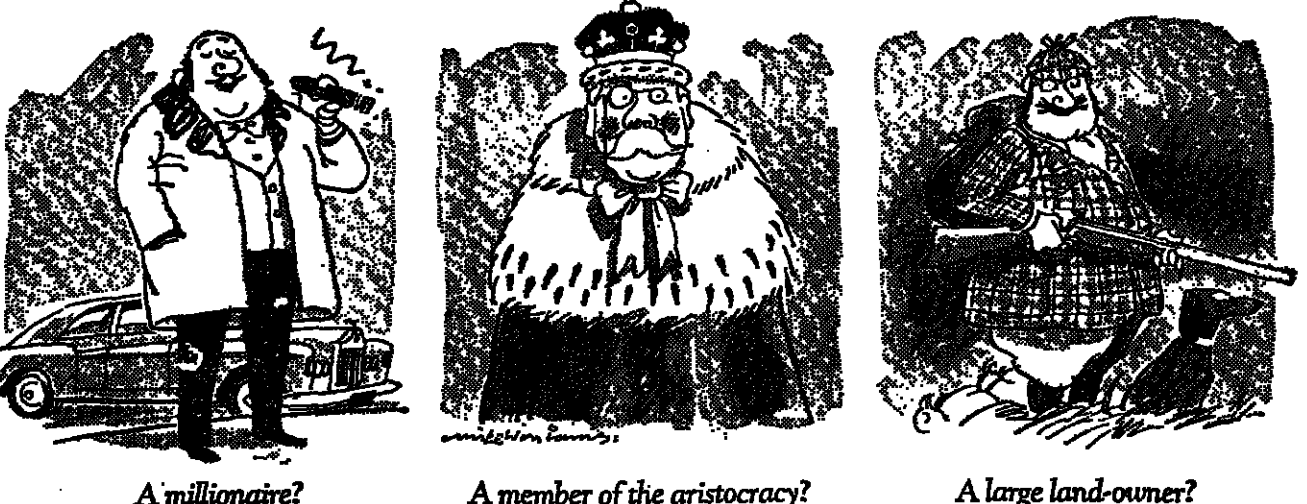
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Bath rejoins the world of spas

NICE people the Americans, but they have an unfortunate habit of missing about with the language. Take the word "spa". To most of us on this side of the Atlantic, and to most dictionaries on both sides, it means simply a place which has natural curative waters. A decade or so ago the word was hijacked in the U.S. or more accurately I suspect in California, and began to be used for any old health farm or club. More recently it has been degraded further to include domestic jacuzzis and their rivals.

I mention this only to warn the good people of Bath of the problems they face in marketing the fact that they are about to rejoin the league of the world's fully fledged spas. After decades when amiable contamination in the city's invigorating spring supply interrupted normal services the tap is going on again and thus, complete with curative waters once more, Bath becomes a spa. For Bath this is good news and bad. It may lift the city's self-respect and generate a whole new industry via the newly-planned health centre, but it is bound to produce even more tourist traffic. At least half-a-dozen international hotel chains have Bath on their shopping lists and I would doubt that, without major changes, the city can bear the strain.

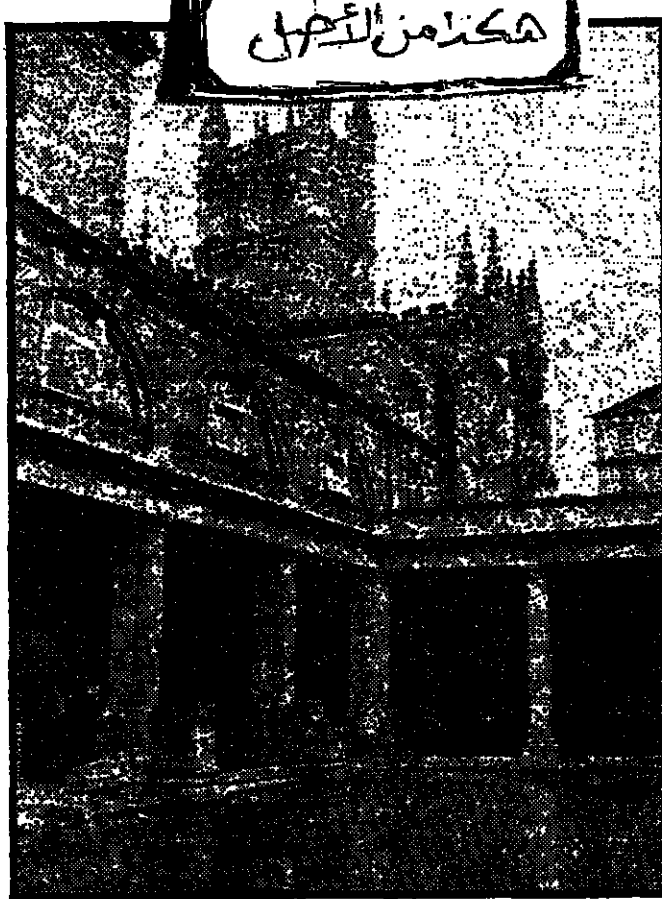
Already there are depressing signs that the chain stores and, some say, local authority rating policies, have forced out of Bath many of the small businesses upon which the city relies for much of its character. Stroll down from the Assembly Rooms

to the station and there is ample evidence and the change. See it now before Gucci and St Laurent join Jaeger and Laura Ashley, and turn Bath into one big West Country boutique designed for transatlantic visitors who do not really know what a spa is. See it this weekend before the full flood of tourists arrive. You might also taste the waters. My old granny believed there was no cure without pain. She would have thought the spring waters of Bath very curative indeed.

It will take a great deal to destroy the gracious elegance of Bath. It owes this heritage to a peculiar association of fashionable good living and curative waters. The rival resorts of Harrogate, Buxton, Llandrindod Wells and Malvern have this mix to a degree, but not in such abundance.

Both Harrogate and Bath ceased to be curative spas a long time ago. The British started briefly with curative waters as a mass pastime in the Victorian era but have not clung to the concept with anything like the enthusiasm of the mainland Europeans. We tend to regard spas as pleasant places to use as a base for a holiday, rather than as a holiday.

There are times when you have to be something of a scientist to understand even what it is that the spas are offering. The Bulgarians lure visitors to their spas—notably the new hydro at Sandanski—with promises of "traditional" and laser beam acupuncture, phytotherapy and phytotherapy, magnetotherapy, exten-



The Roman baths and abbey at Bath, now once again a spa

sion therapy" and the prevention of premature ageing "by means of the Bulgarian geriatric preparation".

This is no joke. Mainland Europeans tend to take their spas much more seriously than we do. Putting aside the treatments which are genuinely medical there seems no doubt that the spas are effective in providing rejuvenation, temporary and modest perhaps, but

rejuvenation nonetheless. Most spas will take patients needing proper medical attention but many avoid the treatment of acute cases, certainly without contact with home doctors.

Given this medical background most of the spa resorts have moved considerably along the road of beauty and fitness. They are excellently equipped with swimming pools, tennis courts, riding stables and

gymnasiums, as well as miles and miles of marked out walks. The fact that the customers tend to be fairly well heeled tends to mean that the restaurants and accommodation facilities in spas are somewhat above average.

Most European countries boast a wide range of fully fledged spas. They range from the sophisticated elegance of Baden Baden and Aix les Bains to the mud-slapping sporty mood of Abano (excellent, I am assured, for gout) and the medically intense approach of some Eastern European centres.

What the almost universally shared is a superb scenic setting. Bath in the rolling hills of what I still call Somerset, Buxton high in the Pennines or the mountain spas of Austria and Switzerland.

A minus, in my book, for many of the resorts is the presence of a casino, a facility which seems to be mandatory in some spas. There is a myth about casinos being fashionable places. I find them spooky, inhabited by the dreary and the boorish. The possible exceptions are the gambling palaces of Reno and Las Vegas which make no pretence at elegance and are all the better for that.

Further information: The Good Bath Guide (Good City Guides, £2.95) is the best tourist aid to the city.

A good central source for spa holidays in Europe is Erna Low Consultants, 9 Reece Mews, London SW7 3EE. The French Government Tourist Office has published a new colour brochure, France—Tourism and Health, which can be obtained from the FGTO, 178 Piccadilly, London W1V 0AL. Details of the Bulgarian resorts can be obtained from the Bulgarian National Tourist Office.

Arthur Sandles

How to be in tune as a driver

CARS GO off tune with the passage of time—but do drivers? I took my Advanced Driving Test about 10 years ago. In the roughly quarter-million miles I have driven since then I have been pinched twice for speeding but doing nothing to a car that warranted an insurance claim. But was I still as skilled a driver as I was in 1978—and would I still pass my Advanced Driving Test?

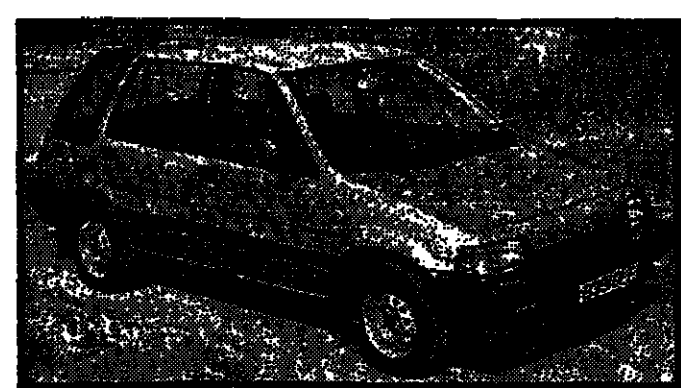
The Institute of Advanced Motorists allows voluntary re-tests. So, earlier this month, I presented myself at IAM's Chiswick headquarters and, with deputy chief examiner David Overden sitting alongside, set off to discover if I had gone off tune as a driver.

An hour and a half and 35 miles later I was relieved to find that I hadn't, but I had no cause to feel big-headed about it. Like a dentist probing for decay, ex-police driving instructor Overden was probing several weaknesses in my technique. Knowing he was right in his criticisms did not help. They hurt. But they made me aware of slack habits I had fallen into; I like to think my driving has improved as a result of my re-test.

What sort of things? Knocking the car out of gear as I rolled up to the stop line at traffic lights, instead of declutching; stopping in gear and then applying the handbrake. Pulling out too sharply before overtaking and giving too short an indication with the wipers.

He ticked me off for my gear changing, too. Instead of letting the car coast for a split-second when changing up, I was declutching and shifting and releasing the accelerator simultaneously. I had to admit it really is smoother, if a fraction slower, his way.

The running commentary is not a compulsory part of the IAM test, but I elected to give one. My observation of potential hazards was pretty good, but my interpretation was faulty. I spotted a parked van on my nearside in a village street 200 yards ahead of me. I passed it. The engine wasn't running because the brake lights were not on. "How do you know the driver isn't holding the van on the handbrake—which wouldn't make the brake lights come on?" said David Overden. "And in any case, he could easily come running out



THE HONDA Shuttle Estate squeezes a quart into a pint pot. At a fraction over 13 ft long, this development of the Civic is surely more than a supermini-sized. But it offers five people the sort of head, leg and shoulder room expected of a large car.

A 12-valve, four-cylinder 1.5 litre engine is east-west mounted; it drives the front wheels through an excellent five-speed gearbox. At least, it does in the normal Shuttle; but the one I have just been driving was different. It had on-demand four-wheel drive. If the drive wheels start to slip on snow, sand or mud, all you do is press a button on the fascia and power goes through to the rear wheels, too. In 4WD only, there is a super low first gear—it can't be engaged in front wheel drive—which will take the Shuttle up slopes a more conventional car couldn't cope with.

It is not meant to be a proper cross-country vehicle; ground clearance is restricted. On an off-road expedition I left scars on both siltier and bumpy, though the Shuttle never even looked like getting stuck.

On the motorway it cruises at 70-75 mph with plenty of power in hand. In town, it parks nimbly, with average use 33 mpg is obtainable. The seating position is more upright than usual, which is why tall people can travel in the Shuttle with lots of head, leg and knee room. The windscreen is as big as a bay window, visibility is outstandingly good and the seats are really comfortable. At medium speeds on roughly textured roads there is quite a lot of tyre roar but this disappears on smooth motorways. Handling, cornering and driving position are what you would expect of a normal family car.

The electrically released tailgate opens on to a big load space, extended by folding the rear seat down. The Shuttle 4x4 would be marvellous transport to the ski slopes and I rate it one of the cleverest cars I have driven for a long time. At £6,495 it costs £600 more than the front-wheel drive Shuttle but it is £274 cheaper than its nearest rival, the Toyota Tercel Estate, which also has on-demand four-wheel drive.

gear changes pass unnoticed, position the car so that he or she always has maximum visibility, and make good progress. The perfect driver will be careful and courteous at all times and will go as fast as the law allows only when it is safe to do so. Perfection is an unattainable ideal, but becoming an advanced driver is not difficult. The IAM will help prepare candidates for the advanced driving test. It has books like Roadcraft, a police manual on which the test is based; and a large number of local groups, whose members will provide guidance. For information, call 01-894 4403.

Why take the test at all? Because, says IAM, accidents don't happen; they are caused. If you have a driving fault, it will catch up with you eventually. It's better to find out before the crash, not after.

Stuart Marshall

Battles in the tourism war

IT LOOKS like a battle of the battles coming up. On my right, Bosworth, vintage 1485, a right royal punch-up between Richard III and Henry Tudor, the plucky challenger, determining the reigning champion. On my left, Sedgemoor, fought some 200 years later with an aftermath somewhat more bloody than the battle itself. This time, it was the challenger who took a tumble—well, to be honest, he threw in the towel and left his seconds to deal with the crowd. Both events are being celebrated this summer with Leicestershire making Bosworth the focal point of its touristic activities in 1985 and Somerset endeavouring to use the tri-centenary to prove that it is not just a country through which you pass on your way to Devon on the M5. The best time for battles in

the old days was high summer, after sowing and before harvest, when an army could be fed on the hoof and the weather was favourable. Monmouth made his play for the crown early in the summer of 1685, and the actual battle which ended his campaign was fought in the first week of July. The Bosworth argument was settled in August. These dates have only minor significance to the celebrations, however, for jollifications are already under way.

The new exhibition at the Bosworth visitor centre opened last month (beware, you can only get in during the afternoons, mornings are reserved for pre-booked parties). The

object has been to recreate a medieval street, but there are also scale models of the houses of those who fought in the battle, portraits of the contestants, ancient music, and lots of models and maps to show how and where the action took place.

The centre is two miles outside Market Bosworth and entrance is £1 for adults (60p children and OAPs). There is a 30p surcharge for a film show. Nearer the day itself, there are a series of live events on successive Sundays from July 14 until September 8 with jousting, parades and general olde Englands festivities. Anniversary day itself is being

celebrated on August 22, with a replay of the battle. Sedgemoor's battle scene is rather a sad place these days, the battles being fought over local politics rather than crowns, so the Monmouth rebellion (called locally the Pitchfork Rebellion) is being followed largely by a series of events on the Monmouth trail—which wiggled considerably around the West Country. There is, however, a re-enactment of the battle here, too, but only "near" the site at Weston-super-Mare. The Bath and West Show at Shepton Mallet towards the end of the month will include a daily re-enactment of the battle.

There is a large range of events in Somerset and elsewhere in the west throughout the summer—rebel troop movements in Glastonbury, a Pitchfork Festival in Wiveliscombe, more re-enactments of the battle at Weston-super-Mare, medieval banquets at Bawdrip and a costume cricket match at Wincanton.

Further details: write to the Resident Warden, Battlefield Centre, Ambion Hill Farm, Sutton Cheney, Market Bosworth, Leicestershire CV13 0AD for details of the Bosworth events. Somerset Tourism, County Hall, Taunton TA1 4DY for information on the Pitchfork Rebellion.

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With love from Sigmund to his friend

THE COMPLETE LETTERS OF SIGMUND FREUD TO WILHELM FLEISS 1887-1904
edited by J. M. Masson.
Harvard University Press, £19.95, 503 pages

ANNA FREUD: A LIFE DEDICATED TO CHILDREN
by Uwe Henrik Peters.
Weidenfeld & Nicolson, £16.95, 281 pages

PSYCHO-ANALYSIS will soon be 100 years old. In November 1887 Sigmund Freud wrote from Vienna about a case of dizziness in a female patient to his Berlin colleague Wilhelm Fliess. The two men had everything in common except nationality. Both had been involved in medical research with Charcot in Paris, both were Jewish, both were interested in the mental causes of physical illness; and their friendship even had a faintly romantic undertone, both suspecting bisexuality to be a universal condition of mankind. Their professional friendship, recorded in these letters, was to break after 1900, when Freud's *Interpretation of Dreams* appeared. As the editor remarks, the complete letters to Fliess present a more likeable Freud than the incomplete editions published in German and English more than 30 years ago, and help to show how his theories evolved from his immature origins into the dogmatic system of the inter-war years. Fliess's replies have unfortunately not survived, so that the causes that ended their friendship are hard to judge—though one surviving document suggests that Fliess's hypothesis about biological periods governing mental illnesses must have angered Freud, since it seemed to leave no room for psychotherapy. His bitterness may be readily interpreted from the

fact that he could not later remember if he had destroyed the letters or mislaid them, and it was only through the courage and resource of the Princess Marie Bonaparte, his most celebrated analyst, that they were saved from the Nazis during the French occupation, to end up in the Library of Congress in Washington.

Freud was as given to analysing himself as others, and his letters to Fliess, even if they do not make the liveliest of literary interest, breathe a world of that pre-1914 hypochondriacal hot-house called intellectual Vienna that no one by now is bound to make the liveliest of literary interest. But the book will prove a godsend to anyone curious about the origins of psychoanalysis, and there are occasional amiable references to the travel and family life. This was a long saga of earnest endeavour, as his references to laziness confirm, if never far removed from self-importance.

Anna Freud, who died only three years ago in her late eighties, was born in 1895—the youngest, though not the best loved, of Freud's six children—and in the very year he began to work on the dream-interpretations that were to disrupt his friendship with Fliess. Professor Peters of Cologne, who knew her, is understandably eager to re-connect his own Germany with an intellectual tradition brutally severed by Hitler in the 1930s, and he has written a careful biography that starts in Vienna where (to the scandal of some) her own father trained her in analysis, into the early days when she shed her nervousness through singing lessons to become a brilliant lecturer. Then her friendship with Lou Andreas-Salomé, once thought to be her father's mistress, No

highly convincing portrait of a personality emerges here, and the style is largely charming, moving painstakingly from fact to fact with astonishingly little in the way of interpretation, whether of dreams or of reality. But the summary of Anna's theory of child-analysis, and how it differed from Melanie Klein's, will be found useful to the uninitiated, and it is nice to know that *Little Lord Fauntleroy* can be interpreted as an infantile fantasy about lion-taming. Anna's ever-memorable account of the paradox of adolescence is rightly quoted here:

"Adolescents are excessively egotistic regarding themselves as the centre of the universe, and yet at no time in later life are they capable of so much self-sacrifice and devotion." The escape from Vienna in March 1938, after the Nazi seizure of Austria, is duly terrifying, after a whole day's interview for Anna with the Gestapo with a flask of veronal in case of torture; and the fact that she chose not to return for more than 30 years makes a point that needs no interpretation. The Nazis dissolved the Vienna Psychoanalytic Society only eight days after they entered the city. By now, it is true, that entire tradition of speculative soul-searching looks more dated than dangerous, though one can see that a National Socialist would think psycho-analysis not only Jewish but incompatible with a life of heroic action. As for the inside of Anna's own mind, after nearly half a century of child therapy in Hampstead and a riot of international conferences, that is a matter the reader is left to analyse entirely for himself.

George Watson

Man of vision

BACKING INTO THE LIMELIGHT: A BIOGRAPHY OF T. E. LAWRENCE
by Michael Yardley. Harpax, £12.95, 217 pages

MICHAEL YARDLEY'S new biography of T. E. Lawrence has a great deal of merit and I thoroughly recommend it—on certain specific counts and not on others. To begin with, it is, thank God, not one of those defamatory, snide biographies of the kind initiated by Lytton Strachey. If the biographer cannot love and admire his subject, he had better not set to at all. Mr Yardley obviously reveres Lawrence and feels his hero's greatness very deeply. Secondly, he writes well. In spite of the occasional lapse (e.g., Lawrence "taking" a bath, and the operations not being "overly" aggressive) his style is lucid and not without a degree of elegance. He wastes no words. (How could he, attempting a biography of Lawrence in 217 pages?) Thirdly, his research and bibliography are impressive. He knows his subject inside out, and has constructed his book excellently, giving just about

the right length and emphasis to each part of Lawrence's life. I am most certainly not going to damn the book with faint praise. It is an impressive achievement.

What, then, are the features, that I want to cavil at? They are two. The first is best expressed in the words of the blurb: "... for Michael Yardley, the most interesting thing about Lawrence is not what he was, but how he was perceived." The book is really not so much about Lawrence as about other people's views of him, the meretricious ballyhoo in the contemporary press, references in letters, staff reports in Cairo and so on. This approach certainly performs a valuable service, for Mr Yardley exposes and destroys a great deal of the untruth which has been published about Lawrence (including much of that published, and spoken, by Lawrence himself—for among that amazing man's several archetypal qualities were those of the trickster, the leg-puller, the snook-cocker at authority and even, occasionally, the clown). In my view the writer concentrates too much on this aspect. Again and again he quotes the accounts of X, of Y and of Z, ending up with "What is the truth?"



T. E. Lawrence before he opted out

We shall never know." Now Mr Yardley, I am sorry to say, while most laudably keen to be accurate and to put paid to the drive that has been written about Lawrence (in which task he is highly successful), all too often recalls the Mouse in Alice, "This is the driest thing I know..." Mr Yardley's account of Lawrence's guerrilla warfare against the Turks and of his relations with the Arabs, is in large part so detached and even pedestrian that I concluded it with a certain relief. His answer, of course, would be perfectly just and right. "If romance is what you want, you had better stick to *Seven Pillars*. I am simply aiming to get the facts right." Well, fair enough: I accept that. I am merely trying to tell potential readers what sort of book this is and what it is not.

In *The Lion and the Unicorn*, written in 1940, George Orwell said:

"It should be noted that there is no no intelligentsia that is not in some sense 'left.' Perhaps the last right-wing intellectual was T. E. Lawrence. Since about 1930 everyone describable as an 'intellectual' has lived in a state of chronic discontent with the existing order. This passage, though debatable round the edges, was in essence correct. (By becoming an Air Force officer, Lawrence in effect told the establishment to go to hell, but this was opting out, not setting his intellect to oppose it.) It is an aspect of Lawrence's life and character left untouched by Mr Yardley. He makes no attempt whatever to sum Lawrence up or to set his unique genius against the social and intellectual background and ideas of his time. Yet this time (roughly from 1905 to 1935) teems with events, changes and ideas against which Lawrence must be seen if he is to be perceived clearly."

The story which it illustrates is that of Alexander Cottle, an ambitious young cat, serving as a junior naval officer, who undergoes a truly Kipling-like apprenticeship. "The watches" we are told, "in the Boxonian navy are from nine to three and three to nine, so that the young cat, having come off the bridge at three in the afternoon, returned to his post at nine. The darkness had been thick since four, when he stepped out of the saloon the Greyhound was plunging heavily forward in the snowy breakers which sent a shower of glistening spray as far as the bridge, as her bow buried itself in the jet-black mass." Now read on.

Anthony Curtis

Richard Adams



Eros—now on display in the Royal Festival Hall before being re-sited in Piccadilly next year

Victorian who made lasting memories

ALFRED GILBERT
by Richard Dornment.
Yale U.P. £18.50 350 pages

THE WINGED figure known as Eros, until recently at Piccadilly Circus, and now reposing in the Festival Hall where one trusts he will not wreak too great havoc among the musicians, is surely the best known statue in London. It might have served as a logo for the city itself, once the hub of Empire. Yet among the millions who know the statue the number of those who know the name of the sculptor must be minute.

Alfred Gilbert's career was often noisily controversial, and very long. Yet Richard Dornment's is the first full-scale, critically objective and adequately illustrated account of it to appear. Gilbert was born in 1854, and the peak of his career was reached in the 'eighties and 'nineties, when he was beset with commissions, socially lionised, a luminary of the Garrick Club and intimate of such as Henry Irving and Ellen Terry as well as several aristocratic patrons. It was the period of the Shaftesbury Memorial, and Queen Victoria's commissioning of the tomb of the heir to the throne, the Duke of Clarence—two out of Gilbert's three major masterpieces.

In person, Gilbert was splendidly flamboyant. A protégé of Lord Leighton, academically by the time he was 38 and acknowledged as the greatest British sculptor of his generation, his work was also recognised abroad. Rodin, when told the British held Gilbert

to be equal to Benvenuto Cellini, is said to have responded: "Much better than that—though one does not quite know what the tone of Rodin's voice was."

By 1890 disaster was looming however. The romantic stereotype of the artist tends to present a lofty spirit careless of, and untrammelled by, mundane considerations, every day failings being discounted against the privileges of genius. Even so, Gilbert's incompetence in managing his affairs was awesome, and compounded by his deviousness in dealing with his patrons, not least with King Edward VII: it was matched by his inability to admit, especially to himself, that he was ever in the wrong. By 1901, Gilbert was bankrupt. For the next 25 years, he lived in exile, in Bruges, right through the wartime German occupation. He resigned his membership of the Academy to avoid expulsion. He continued working, but survived, it seems, by borrowing from friends or patrons whose generosity he subsequently repaid in ferocious quarrels.

Nevertheless, the quality of his ability was such that it demanded recognition and the magnetism of his person such that to the very end supporters rallied to him. In 1926, he came back to England, and even into (fairly reluctant) royal favour, to complete the Clarence tomb unfinished for some 35 years, and then to carry through his third and final masterpiece, the Alexandra Memorial. His rehabilitation was completed by his reinstatement as an RA, and, after the unveiling of the monument, a knighthood

(characteristically, he thought this an inadequate elevation). He died, aged 80, curiously to the last.

Inherent in Gilbert's nature was his ability to exhaust the patience of others. At points in this admirably researched account, he is in danger of exhausting the reader's patience, as his awfulness, often paranoid in character, swamps sympathy. However, Richard Dornment's interest in his subject is so humane, yet objective, and his ability to convey it in his narrative, so lively that a long overdue life-story emerges compellingly. Into it is interwoven a continuing, critical assessment of Gilbert's remarkable talent and imagination with a piecemeal research of his work. Gilbert developed the Renaissance tradition that towards the end of his life modernism for a time was displacing. By then Henry Moore was already at work. But the bewitching beauty of technique and material, in Gilbert's original small bronze figures especially, the richness of invention, now enchant once again.

As the author rightly observes, essentially Gilbert's finest work relates more to that of a goldsmith than of a monumental sculptor, and its appreciation demands a subtle and a patient eye, such an eye as he truly rewarded. Here a volume admirably produced, copiously illustrated, reasonably priced, on which author and publisher alike are to be congratulated.

David Piper

Desert songs

THE CONQUEST OF THE SAHARA
by Douglas Porch. Jonathan Cape, £15.00, 332 pages

BEYOND THE LAST OASIS
by Ted Edwards. John Murray, £11.50, 209 pages

BETWEEN the French colonies in Northern and Equatorial Africa lay the Sahara. In that immensity of desert were a handful of far-flung oases and some thousands of nomads, Chamba or Touareg for the most part. French politicians in the 19th century shuddered at the prospect, rightly seeing in it nothing but waste, in every sense of the word.

How a few colonialists and soldiers in Africa nonetheless succeeded first in sustaining opposition in Paris and then the local hazards is Douglas Porch's enthralling subject. Conscious of following up characters larger than life in their bravery and in their occasional madness, he conveys the full excitement of the story. It is a pity that in so good and valuable a book the single map is inadequate and the misprinting of names unusually persistent.

Arguments in favour of opening the continent by means of a Trans-Sahara railway were in the 19th century ideal for the trade there was. Mineral resources did not exist. Ambition or adventure was the inspiration of French officers and explorers on their astounding travels and missions. Rivaling one another in initiative, disregarding possible international repercussions, often insubordinate, they built an empire piecemeal out of their personal exploits. So much for Marxist convictions that imperialism is a matter of class struggle and profit motive.

Colonel Flatters, commanding the first expeditions to cross the Sahara from north to south, was eventually killed with his men by the Touareg. The disaster was traumatic and it appeared expedient afterwards to change approach and set off from the French Sudan, in order to colonise along the shore of Lake Chad. Another expedition under Francois Lamy reached this goal, though he too paid for it with his life. The desire for glory slipped into criminality in another mission to Chad under Voulet and Chanoine, two Conradian figures who murdered those in their path, including the colonel despatched to bring them to heel.

Once the Tuat oases to the west were captured, the whole desert could be pacified. In an ultimate test of strength, several hundred Touareg were killed in pitched battle. The age of Laperrière, Lyautey, Pèrè de Foucauld, the spahis and Beau Geste had begun, as colorful as it was to be short.

Mr Porch is fair about virtues and vices on both sides. For all their tribal integrity, the Touareg and Chamba had been predators and raiders. The remaining irony—poetic justice—is that after all there were deposits of oil and gas in the desert, which enriched the former nomads but put paid to the old life for ever.

Ted Edwards is a Saharan romantic of the best sort. For spirits like his, the desert's silence and emptiness is a metaphor for freedom. He wanted to prove himself, and besides, he was fed up with the narrow horizons at home, in Suffolk.

By chance he heard of 300 miles of waterless dunes on the borders between Mali and Mauritania, said to be too punishing to cross on foot. Here was the trek for him, and

in *Beyond the Last Oasis* he describes how he set about transforming his obsession into an epic feat.

During a preliminary and rather abortive visit to Africa, he had to learn to handle camels, and what were the limits of his powers of endurance. Mugged in Morocco by gangsters, he came back fighting. At last, he was able to find the money, the equipment and the time. At Timbuktu he bought camels, and set off alone with them.

In the course of 19 solitary and gruelling days, between one oasis and another, he rode only when his strength was failing. On arrival, lucky to survive, he had lost four stone and broken several ribs in a fall. The written record of this journey is as attractive as the courage that went into it.

David Pryce-Jones

GWR days

GRUE, WATER AND RELIEF
by Adrian Vaughan. John Murray £9.95, 178 pages

ADRIAN VAUGHAN'S title summarises the three shift-ends of the GWR engine-men (the "water" being, for the engines). This author was a signaller on Western Region for 15 years, and he has collected a bookful of stories about the men who worked on the Great Western from 1836 to 1932, the men whose "fearless" in the words of a Swindon Locomotive Inspector, brought that line the unique reputation it used to have. He writes of these old railwaymen, every man a pioneer, as if he had worked alongside them.

B. A. Young

At large in Dylan land

MR WAKEFIELD'S CRUSADE
by Bernice Rubens. Hamish Hamilton, £9.95, 190 pages

DANCING WITH MERMAIDS
by Miles Gibson. Heinemann, £8.95, 196 pages

BANANA CAT
by Christopher Hood. Alison Press/Secker and Warburg, 245 pages

A FINE EXCESS
by Jane Ellison. Secker and Warburg, £9.95, 183 pages

BERNICE RUBENS was a Booker prizewinner some years ago. In *Mr Wakefield's Crusade*, she breaks new ground, technically and psychologically. Exactly what ground cannot be said without giving away what must not be given away before the last pages. Luke Wakefield, the narrator, crusades on behalf of Marlon Firkbank, murdered on (or presumably under) Wimbledon Common. As her killer drops dead in a post-office queue, leaving a just-stamped letter on the counter for Luke to pocket, he has written evidence to pursue; also the time, money, energy, curiosity and nerve for a private investigation.

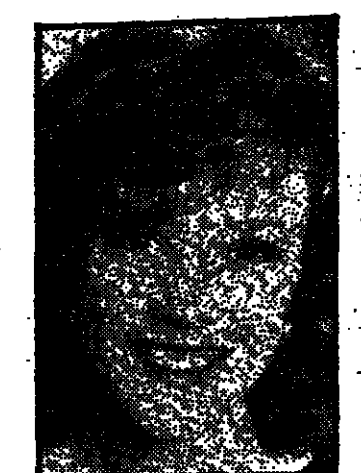
Fantasy, self-delusion, towers of accumulated credible facts, solid witnesses from Hampstead to Merthyr Tydfil, perplex him for several anxious months, sometimes to the brink of madness and a South-coast restaurant, sometimes to equally bizarre but more cheerful galleries of mirrors where confused perceptions reflect each other and factual oddities are multiplied to infinity. Who is Marlon, anyway, what is she? Luke's obsession with the dead woman, his inventiveness when it comes to reshaping her life, presence, background and relations, are endless. The answer he gets at last is artistically satisfying, and the tone properly sober. Fantasy, as all the week's books successfully show, needs a serious foundation if it is to mean what it says, and the lining, as it were, of what is said here is rich and furry.

Rich and furry too, though in quite another way, is the writing in Miles Gibson's *Dancing with Mermaids*. He wrote out, ravenously some thought, a first novel called *The Sandman*, about motiveless murders described in deadpan prose. This is as well written but much more fantastical, not deadpan at all. Once again the writing is superb. Here is someone with the impact of the early Ian McEwan or Martin Amis, electrifying, a dazzler.

What he dazzles us with here is a small seaside town in Dorset called Ram's Horn. It is full of leery, venal, outsize, hideous and beautiful people with names like Captain Turnpike Clancy and Big Lily White (ex-wrestler and landlord of the Dolphin), Tanner Atkins and Charlie Bloater. Three horrible little boys called Vernie, Smudger and Slick plan to hypnotise Slick's glamorous mother and keep her in a garden shed. Mrs Clancy waits hopefully for her husband's ghost while her suitors Hazitt and Vine wait—less hopefully for her favours. Mrs Halbut's potions keep the villagers sick and credulous.

Mrs Reynolds's African lodger spreads mayhem. Merry Peters arouses lustful thoughts. The novel recalls *Under Milk Wood*, local imagery, small-town setting and bizarrely named inhabitants. The title exactly fits, since mermaids have just this familiar yet exotic quality. An extraordinary talent dances with perfect control across hypnotic pages.

Christopher Hood's *Banana Cat* and Jane Ellison's *A Fine Excess* are so much alike in theme that it's tempting to review them in tandem. Both centre on plagiarism, a poem faked or pinched. Both are set in the growth-industry of literary patronage. Arts Council grants, "poets' corner" intellectuals, large sums of money for idiotic promotions: both even have similar "street theatre" groups of a sinister sort terrorising sober citizens at the rate-payers' expense. Both, in spite of being sharply satirical, leave a pleasant taste, a sense of compassion.



Jane Ellison: accomplished début

Banana Cat is set in the real, not the imaginative, Dylan Thomas country, Swansea, centre of the Thomas cult/industry, where George, a probation officer, gets rather too close to some of his shady clients. With one of them, a cop-memoirist, George and another friend write an "undiscovered" Dylan Thomas poem, then supposedly discover it in plausible circumstances. Enter American academics and the lure of enormous gains. Through the sharp dialogue and good jokes and attractive narrative George's sad seriousness breaks at times. "I had sensed his pride in being a singular part of a modern movement," he says after peering round Thomas' study in the Boat House at Laugharne, "whereas now it seemed there was no modern movement, no art really, just museums—and television and sociologists and boredom."

That could stand as an epigraph for *A Fine Excess*, a highly accomplished first novel, this time about large prizes given by a tobacco company to the winners of a poetry competition. Through the insouciant, out of the neatly plotted action goes a thread of the same sort of sadness, a sense not just of the phoniness of telly-poets and grant-getters and commercial patrons but of the lack of anything else.

Isabel Quigly

Scottish home truths

LEAN TALES
by James Kelman, Agnes Owens and Alisdair Gray. Jonathan Cape, £8.95, 286 pages

SECRET VILLAGES
by Douglas Dunn. Faber and Faber, £8.95, 170 pages

DO NOT read James Kelman if you are feeling depressed. His stories will confirm your worst suspicions. He is the worst author in *Lean Tales*, a collection of writings for our lean times. All three writers are Scottish, and their Scotland is one of unemployment, and urban decay. And if those words read like over-used media phrases then this book will give you to understand the grimness of their day-to-day reality.

Yet the world that Kelman's characters inhabit is not stark simply because of poverty. Basic communication seems to have broken down. While some lack the money to buy bread, those that have bread and that if you cast it upon the waters you end up with soggy crumbs. His most contented character is a solitary nightwatchman who communes only with the machinery he tends. More typical is the city man working on a farm who asks the local barmaid out—she punches him and he is ejected from the pub. Later he looks through the window and sees her obligingly stripping for the locals. Kelman's style is observant, detailed and written in a wry vernacular—seems the one sure thing in an incomprehensible world.

Alisdair Gray can stagger you with the breadth of his perception. Take this from an essay on the playwright Joan Ure: "we live unstirring, our love twisted by exploitation and warfare, men oppressing women and other men with their greater economic strength, women exploiting men and other women with their greater emotional insight." His contribution to the book is a miscellany of essays, stories, autobiography and cryptic thoughts. "Miscellany" is one way of describing it, an interesting hotch-potch might be another.

For me, the best things in *Lean Tales* are the stories of Agnes Owens. Like those of Kelman, despair and brutality—yet her tone is very different from his. She writes with a sense of relief, often tinged with the macabre. While Kelman's stories sometimes read like open-ended prose descriptions, she creates little dramas—rich goblets of life—down-trodden and giro-ridden, though those lives be.

Secret Villages is Douglas Dunn's first collection of short stories, although he is already well-established as a poet. What struck me most about the collection is the enormous variety of his characters. He can write on youth, old age, the rich and the poor, and make them all equally believable. Especially pleasing are his sympathetic and accurate portrayals of women. His mastery, not surprisingly, is first class, he writes of a man rolling a cigarette, "like a vet tending a small mammal" and he is equally at home portraying life in a prison, a university or a remote Scottish island. But it is his most telling, how our lives are shaped by the importance of minor irritations and small triumphs. The stories in *Secret Villages* are a cluster of little truths concerning the human condition.

Valery McConnell

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Exhibitions

A celebration of the Tuscan past

Florence has just seen the start of the Year of the Etruscans, the major Italian cultural event for 1985. Amid great publicity, President Pertini opened the first two in a series of exhibitions on the Etruscans, the people dominant in the Italian peninsula from the seventh to the third centuries BC; disappearing, slowly, into the Roman embrace. No fewer than twelve exhibitions will run concurrently in the Tuscan region, heartland of the "Tyrrhenian" from the end of May to October 20th.

Like gamekeepers, the Etruscans are stamped in English eyes with the D. H. Lawrence seal of approval. When Lawrence travelled round the Etruscan sites in 1927, he was a sick man nursing on death. He conceived of the Etruscans as a people brimming over with life-force — unlike the primly tedious Romans. He revelled in the famous sarcophagi of fat gentlemen and jewelled ladies feasting under the same blanket; a manifesto for free love beyond the tomb.

If the scholars have their way, English visitors to The Year of the Etruscans will emerge "demystified." The Etruscans were not the lecherous, gourmet thugs of their image in Greek and Latin literature. The ladies are not naked under the blankets; they lived lives of admirable freedom and equality. This was no dim Italic culture which borrowed everything of importance from Greece and Rome.

Certainly, they left not a scrap of literature worth the classical scholar's attention. Yet these exhibitions leave no doubt that the modern Etruscologist inhabits a fascinating domain which changes with every excavation of the rich Tuscan soil. You may still end

up with a hierarchy of the ancient world which put Greeks, Romans, Egyptians and even Celts well ahead; but if you were contemplating a visit to Italy, it would be a shame to miss these fine exhibitions.

The vast Civilization of the Etruscans is the first exhibition to be held in the Archaeological Museum of Florence since the terrible floods of 1966. Swiftly it takes us from the unappealing ruins of the Etruscan Age to the often magnificent tomb contents of the Villanovan Iron Age. In the mid-8th century BC, the people of the Etrurian region came into contact with Greeks and Phoenicians who were keen to lay hands on the vital combination of lead, copper and tin deposits along the coast. Brilliantly, the Etruscans kept control of their assets where others were colonised.

The result was a dramatic rise in living standards; the princely few if not for the mass of serfs. The *nouveau riche* potteries of this "Orientalising" phase were made for luxuries from the East, sold to them by Greek middlemen, and copied by local craftsmen. Quantities of Greek vases are found in princely tombs furnished with everything the dead might want. Etruscan gold is justly famous; safety-pins and brooches using a subtle technique of gold granulation for the patterns.

Some of the objects suggest daily life, such as scenes of women talking animatedly as they spin in their fan-backed armchairs, and friezes of Etruscan ships bent on trade or piracy. But religious life dominates: images of gods and demons, ossuaries and sarcophagi, incense-burners and most remarkable are mirrors engraved with scenes of haruspicy, and the Piacenza model of the goose-liver laid

out with its cosmological correspondences.

Haruspicy was the notorious Etruscan priestly caste who divined the future from inspec- elaborate tripods.

The idea so excited Emperor Claudius that he wrote twenty books on these customs and ordered them to be recited aloud several times a year in a museum specially built for the performance. As for frescoes, the best of Etruscan art, there are photographic models of tombs.

The other Florentine exhibition, *The Fortune of the Etruscans*, in the vaults of Brunel- leschi's Hospital of the Innocents, is waywardly selective in its treatment of the Etruscans' later image. Where are the hosts of excavators, from greedy Bonapartist vandals to diligent foreign visitors, who unearthed Etruscan antiquities? What of the procession of eccentrics who have claimed to translate Etruscan using Finnish, Egyptian and — recently — Albanian?

If the Etruscans are not part of your historical baggage, come armed with the Penguin survey by the Grand Old Man of the subject, Massimo Pallottino. Beware of books lurking in second-hand shops — they abound in Etruscology as in no other subject outside the occult and economics.

Primed by the Florentine visit, take the Etruscan route through the nine other towns which are hosts to the Etruscan Project: Volterra, Chiusi, Cortona, Arezzo, Siena, Orbetello, Populonia, Massa Marittima, and Portoferraio. From the Florentine mausoleum, travel to the ancient mines of Elba, the coastal plains of the Maremma, and to quiet hill-towns whose walls and cellars are built partly of Etruscan stone.



The Chimera in bronze, from Arezzo

Chiusi is one of the surprises to be discovered by following this route and ignoring the guide-book ("a drab little town" says the *Blue Guide*). Chiusi, or Clusium, encapsulates Tuscan history, with its weird anthropomorphic ash-urns, Christian catacombs, Lombard inscriptions to a vintage virgin saint called Mustiola, and a new museum in the whitewashed, former Fascist residence.

For the Enlightenment's passion for the Etruscans you should go to beautiful Cortona, where eerie mediaeval streets contrast with the palatial grandeur of the Accademia Etrusca, set up by landowners enthusiastic for antiquity and fine 18th century books.

But for the glory of Etruscan art you must visit Arezzo. The Chimera, a 4th-5th century masterpiece the size of a Great Dane, has come back in the city whence Cosimo de Medici removed it in 1553.

The frescoed crypt of St Francis houses a display on Etruscan sanctuaries. Terracotta reliefs remind us of the brilliant colours of ancient places of worship. There are touching votive offerings of model parts of the body; some crude clay, others finely modelled bronze. A man offers his entrails to some god sympathetic to sore guts; an inscription gives the man's resonant name, "Arnth Alitae Pumpsus."

Not only do these exhibitions reveal the Etruscans; they help to explain the strong regional and civic pride of the modern Tuscan. Etruscan days are not so remote to Tuscans; they are seen as a reason for Tuscan superiority over the rest of the peninsula just as much as any of their Renaissance glories. (Do you take pleasure in your Saxon or Angle appearance? A Tuscan journalist proudly pointed out to me his "typi-

cally Etruscan" profile.)

The President of the Tuscan region, Signor Bartolino, a Communist, is well aware of the irony of the vast Etruscan Project; its hefty sponsorship from the capitalist sector. An impressive 1,300m (£2m) has been spent not only on the exhibition but also on conservation, restoration and improving museums.

The private sponsors are Fiat, La Fondiaria (a rapidly growing insurance company), and the Banco Monte dei Paschi di Siena. Each has given £4.5m, with nearly the same amount coming from the Government, and £4.5m from the Tuscan local and regional government.

For maps and details, contact the Italian State Tourist Office, 1, Princess Street, London W1R 8AY. Telephone 01-498 1254.

Patricia Morison

Saleroom

The jolliest place for art and pink string



Gouache/paper study of "Suzanna and the Elders" by James McNaught

The town wrapped up in pink string: Mr Peter Palumbo judging rather than being judged in a promotional poster for the event pandering to that popular fantasy — Geraldine James, of *The Jewel in the Crown*, naked; will Bath stop at nothing to shed its sedate image? But the mayhem is for this weekend only as, once again, Bath acts as unlikely host to the Contemporary Art Fair; no longer the biggest but certainly the jolliest market place for art in the UK.

The pink string is the idea of artist Eric Shell. He has created a line of 4in thick plastic from the Artsite gallery, the office for the Fair, to the Assembly Rooms, where the exhibitors are parading their works. It stretches for 1,500 metres across Bath, ricocheting from roof-top to roof-top. It provides, at the very least, a talking point.

Mr Palumbo is a judge in a sculpture competition, a fringe event in which six sculptors have less than three weeks to design and carve something from their imagination in Bath stone. Ms James provides the very recognisable face to artist James McNaught's painting "Suzanna and the Elders," on sale at the Portal Gallery's

stand after use as publicity for the Fair.

All these "hypes" mark a change in the fortunes of the Bath Contemporary Art Fair. Tentatively founded in 1981, it has had its ups and downs, but is now under the new and energetic directorship of Sean Kelly and busily acquiring a distinct personality. It has shed international pretensions and is concentrating on offering the work of British artists to the modest collectors. It is also a visual launching pad for the Bath music festival.

A renewed confidence is in the air, inspired partly, no doubt, by the elegant mouldings of the Assembly Rooms, but also attributable to the crackle of money. Sponsors have rallied around, with Phillips, the auctioneers, donating £8,000 towards a total of £20,000; South West Arts has done its best, cementing the marriage between the music festival and art; even Lord Gower, no talc perhaps about his days as an art dealer, has found £7,000 out of his Business Sponsorship Incentive Scheme. The money helps to sell the Fair.

At Bath the keen novice art lover has little need for bluff and bluster. The art schools might still be turning out conservative abstract painters but

most of the work on show by the thirty exhibiting dealers is figurative and colourful and immediate; created for the contemporary domestic interior. It would be hard to spend £5,000 on a painting at the Contemporary Art Fair, easy to fork out £50 for a print or drawing. The expensive London galleries, the Waddingtons et al, have fled the field, but some solid names are here, both dealers and artists.

At Austin/Desmond Fine Art you can buy a William Scott, who has just won the top £5,000 prize for a contribution to the Royal Academy's Summer Show (which opens next week), and a work by Carol Weight, who carried off second prize at the RA. Bohun Gallery has a John Piper (among many others); the local Bath gallery Beaux Arts, which is also selling work by his son, Edward Piper — at less than £500 for a sizeable landscape. Nicholas Treadwell is here with his subtly risqué figurative pictures and models, and another successful habitué of art fairs, the Birksted Gallery, is selling the evocative Henry Holland — as well as Hockney prints.

With more national confidence in the quality of British art it is reassuring to come across an art fair where the dealers seem to be in tune

to the tastes of their potential buyers. There is little that is challenging from the art of the 1960s or 1970s; Contemporary Art and the rest: even the abstract works on view are romantic and colourful. But the 10,000 expected visitors over the four days ending on Monday night will get a good show for their money — contemporary art at its most cosy.

Surprisingly, photographs are scarce at the Fair, but close by in Milson Street the Royal Photographic Society has just unveiled its most ambitious exhibition yet — "The Living Body," based on the television series which took viewers through a crash course in "O" level human biology. The £250,000 which Kodak has put into the show makes it one of the biggest arts sponsorships ever. Although the didactic commentaries on various physical functions compete for the attention, the overall effect is undeniably powerful. And there are photographs by Snowdon, Lichfield, Patrick Eagar, David Redfern and others to calm you down, even if they only marginally relate to The Living Body. All told, Bath is in the swim this holiday weekend.

Antony Thornecroft

Records

Very good to superlative

BERLIOZ: SYMPHONIE FANTASTIQUE
Montreal Symphony/Dutoit.
Decca 414 203-1
LIZST: TOTENTANZ.
Halle Orchestra/Folk
Themes. Jorge Bolet, London
Symphony/Fischer. Decca 414 079-1
GRIEG AND MENDELSSOHN:
PIANO CONCERTOS
Cécile Ousset, London
Symphony/Marriner.
EL 27 0184-1
PROKOFIEV: SYMPHONY
NO. 6. THREE WALTZES.
OP. 110
Scottish National Orchestra/
Järvi. Chandos ABRD 1122
"LES SIX" AND OTHERS:
LEVENTAL DE JEANNE.
LES MARIÉS DE LA TOUR
BIEFFEL.
Philharmonia/Simon. Chandos
ABRD 1119
MENDELSSOHN: PIANO
SONATA, OP. 6. VARIATIONS
SÉRIEUSES
Prelude & Fugue, op. 35 no. 1.
Rondo Capriccioso, Murray
Perahia. CBS NM 17388
NOZ, ART. PIANO SONATAS,
K. 279 AND 323
"Eine kleine Gigue." Adagio
in minor, Mitsuko Uchida.
Philips 412 616-1

The Montreal Symphony under Charles Dutoit, is a resplendent triumph. As usual Dutoit is rigorously faithful to the composer's markings — which is not usual in this much-tried work — and finds depth and power beyond any mere conductor's effects. The opening movement is uncommonly strict, the March to the Scaffold uncommonly stern and heavy; the result is that Berlioz's own effects retain their pristine brilliance. The final phantasmagoria is terrifying. The whole sound, superbly engineered, is rich, slightly distanced and natural.

From Berlioz's ferocious treatment of the "Dies irae" to Liszt's in his Totentanz, is no great step. The Totentanz contains as much controlled fury in a briefer span. It is a unique sort of concerto; and when played by a merely steel-fingered pianist it sounds like black-art pyrotechnics, crashingly weird.

Mendelssohn's G minor Concerto, busy but winsome, loses some of its period charm in Cécile Ousset's athletic performance — the music has not the inner vitality to carry such a surface charge. It still makes a stirring display (it should like to hear this concerto in a period, wooden-framed instrument). Grieg's Concerto, however, survives Ousset's formidable address more happily. Delivered with all that vitality and majestic tenderness in the Adagio, too — the familiar tunes sound renewed.

Prokofiev's late Sixth Symphony, a much subtler and darker piece than it pretends to be,

gets an exciting and vividly sympathetic performance from the Scottish National Orchestra. The secret clearly lies in the conducting: Neeme Järvi proceeds through the Symphony with the confidence and insight, as in Dutoit's Berlioz, the oddest things fall resoundingly into place. The SNO is alert and responsive, and the recording does credit to everybody.

Geoffrey Simon is a specialist in orchestral rarities. With the Philharmonia in bright form, he offers stylish recreations of two odd suites by teams of composers. *Les Mariés de la tour Eiffel* was a surrealistic vaudeville by Cocteau, partly intended to propagate the musical ideals of his friends in the group "Les Six." Poulenc, Auric, Milhaud, Honegger and Germaine Tailleferre all supplied suitably quirky pieces.

Mendelssohn's fine Variations and his evergreen Rondo Capriccioso are brought to life by Murray Perahia with extreme finesse. They glitter, but softly; their real grace comes into close focus. Perahia even gives a pretty semblance of life to the Sonata and the Prelude and Fugue: more is not possible. The latest record in Mitsuko Uchida's Mozart series contains two middle-period sonatas in which she reveals more suggestive turns of thought and expression (but always respecting their domestic scale) than seemed remotely likely. The great B minor Adagio is sharply pointed, dry-eyed, intensely serious; the mad little Gigue has a mischievous crackle.

David Murray

Radio

Poet preferred by the public

RECALLING the last Poet Laureate, the Irish poet Tom Paulin might have said: "John Betjeman, alas," like Gide on Victor Hugo. Anti-intellectual, he said, ridiculous even, no literary merit; but equating him on the one hand to Moleworth and on the other to Marvell stirs a modicum of dispute.

If he had condemned only the programme's catchpenny title, *The Teddy Bear and the Critics* (Radio 4, Saturday), I would have gone part-way with him. But the critical diagnosis of the expert group assembled by Anthony Thwaite — Larkin, Fuller, Amis, Porter, Davie — suggested that, perhaps for the first time since Tennyson, the public's poetic enthusiasm had been fading.

Victor Hugo's turn came on Radio 4 on Tuesday, with full-blooded approval by George Steiner. Hugo's centenary is to be celebrated in Paris with, among other things, five exhibitions and five dramatic spectacles. On BBC radio it was marked by this talk and a half-hour recital by Felicity Lott and Graham Johnson of Hugo settings by Brian Frank Fauré, Lalo, etc. We might at least have had *Ernani* or *Rigoletto*.

George Steiner put this "absolute grandfather of the whole literary world" in the company of Tolstoy, Wagner and Dickens, and credited him with such inventions as montage and surrealism. We who only know *Les Misérables* and the bastard *Hunchback of Notre Dame* may feel properly humble.

I listened to a bit of *It's Your World* on Sunday morning to see if the questions put by listeners to Mr Pik Botha would develop into abuse. They did, a little bit, but the magnificent Sue MacGregor always managed to short-circuit them. If anyone expected to hear Mr Botha announce any fresh liberalisation of South Africa affairs they were disappointed.

Racism was also the subject of this week's *File on 4* on Tuesday, but in Liverpool, where the large black population feels that the virtually all-white council is against it, Roger Finnigan spoke to people of both colours and of various levels in the Merseyside community. He was always polite, always insistent and, except in the case of those who were deliberately uncommunicative, always got the information he wanted. *File on 4* should be compulsory listening for phone-in addicts.

A smashing Afternoon Play on Radio 4 on Tuesday, Tony McPhee's *No Get Out Clause*. Putting the plot into a straight line, the drugpusher Barry McGuin (Robin Summers) was murdered, the police visited the scene of crime and interviewed Martin Lindo (Norman Beaton), whose 16-year-old daughter Melody (Judith Jacob), was known to be one of McGuin's heroin clients.

But Mr McPhee, with great ingenuity, plays his store two at a time. While the police are examining dead McGuin for clues, we hear tiny snatches of what actually took place; while Superintendent Arnison (Peter Vaughan) is questioning

Lindo about his friendship with McGuin, McGuin is asking Lindo, a thoroughly decent man, to go into partnership with him. The writing sounded knowledgeable, and the playing of all four leading parts was exceptionally good. The conclusion, not easy to foresee, is pretty sad all round. Melody sums it up: "Can't you see, there's no way out."

The Sony Radio Awards, which had less publicity than they should, were presented on Sunday at a function clearly modelled on the Tony Awards, through Radio 2's broadcast, coming rather late in the evening, hardly suggested such ceremony. I have no room for the names of interest more to the industry than the public. But in an imaginative role, Titus Groan won the award for best play of the year, Howard Barker's *Scenes from an Execution* best script, Glenda Jackson (Mr Barker's leading lady) best actress, David March (in *Mr Norris Changes Trains*) best actor, Steve Wright pop presenter, Hubert Gregg for technical excellence and Jimmy Young radio personality of the year.

The best documentary was BBC Radio Scotland's *Strathgairn*, which was repeated on Radio 4 on Saturday. This was a poetic townscape, written and presented by Robin Bell, a portrait of an imagined Scottish community in the decade following the end of the war. I thought it splendid, as beautifully read as it was written.

B. A. Young

Glyndebourne's missing man

ONE MAN was missing from the first night of *Carmen* at Glyndebourne on Tuesday and that was the man who played a major role in setting up the production — Moran Caplat. For more than 30 years he had been the administrator at Glyndebourne, and for many of them he was known to mount *Carmen*. Later his ambition became even more refined — he wanted to present *Carmen* with Maria Ewing in the title role.

When Peter Hall, a regular visitor to Glyndebourne as a producer, married the American mezzo soprano the way was open. The doubters who considered Bizet's opera to be too big for the Glyndebourne stage were persuaded, and *Carmen* opened this week to good reviews and the greatest demand for tickets — even in the experience of Glyndebourne.

Caplat was not there, not because he retired in 1981, shortly after helping to plan the current season, but because in all his 36 years at Glyndebourne he has never sat through a complete performance.

"I've always been much more interested in the events leading up to the opening night — the designs, the making of the set, the rehearsals, all the preparations. I would not sit through a performance for personal pleasure," says Caplat.

A small, unassuming, precise man, who came to Glyndebourne after pre-war experience as an actor and a lively war in the Navy (he still wears a beard), Caplat's role has been to concentrate on the administration of Glyndebourne while the artistic director, Sir Charles Mackerras, has provided the inspiration and a series of great musical directors: Busch, Gul, Fritschard and Hallink handled the repertoire, with directors of production like Ebert and Sir Peter Hall.

He has now written his memoirs (*Dinghies to Dixons*, Collins, £15) which make running Glyndebourne seem quite a feat compared to his nautical adventures. A man who prefers his music to his institutional, and ideally of chamber size, and who counts on the fingers of one hand the number of opera performances he has actually enjoyed, is unlikely to be thrown by the tantrums of sopranos or the moody egos of tenors.

As one of the team searching for new talent for Glyndebourne Caplat has had to listen to many singers throughout the world, but an act here or a scene there has usually proved sufficient to make up a mind which looks for

acting potential as much as for a voice. The Glyndebourne approach has always been opera productions which are as credible as possible; perhaps the small size of the house enforces this.

He has taken in his stride a French baritone singing after one performance (and just half an hour before the planned second) of the Count in *Le nozze di Figaro* because he considered the short sword designed for him by Oliver Messel an affront to his manhood, and the hero of Werther collapsing at the dress rehearsal because he had been practising too enthusiastically with the heroine. He has had to cope with a walk-out by the waters just before the arrival of the audience and an alarm of fire in the middle of the night. On the whole he thinks singers are no more temperamental than actors, and stage crew more unpredictable than both.

Caplat believes that the quality of the Glyndebourne production has not changed in a generation, and while companies are prepared to sponsor new productions — at around £100,000 a time — there is no reason why they should. The presence on the spot of the Christie family ensures a continuity, but a continuity which has always combined new works with the Mozart revivals — this year with *Albert Herring* and a Knussen double bill no one could complain of. In future years more Verdi is planned.

But if the programme is continually being revitalised, the look of Glyndebourne will stay the same. Caplat says the preference for evening dress is nothing to do with snobbery — just a play by John Christie to make the audience take the trouble to match the time put in by Glyndebourne to mount the best possible productions. And while in the past Glyndebourne has not always been the sell-out it is now, few of the audience have complained.

Indeed, Caplat says only one patron has asked for his money back after a performance of *Pelleas* had been cancelled because the musical director refused to accept the understudy for a sick principal and *Figaro* was put on instead. The displeased customer had good reason to jibe at yet another *Figaro* — he was Lord Droghda, then chairman of Covent Garden — and of the FT.

Antony Thornecroft

FT

FINANCIAL TIMES CONFERENCES

Oil Industry Developments

Hotel Inter-Continental, London
9 & 10 July, 1985

The FT Oil Industry Developments conference will cover prices, the outlook for OPEC, denationalisation, the take-over scene in America, the problems of the independents, refining and petrochemicals.

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